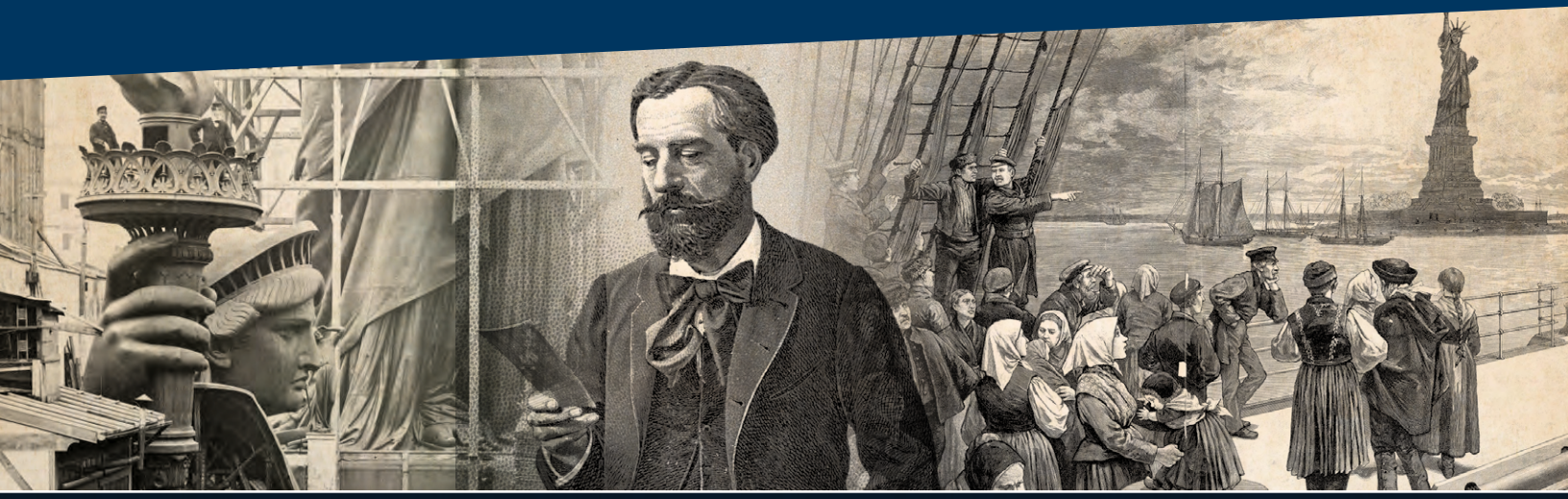
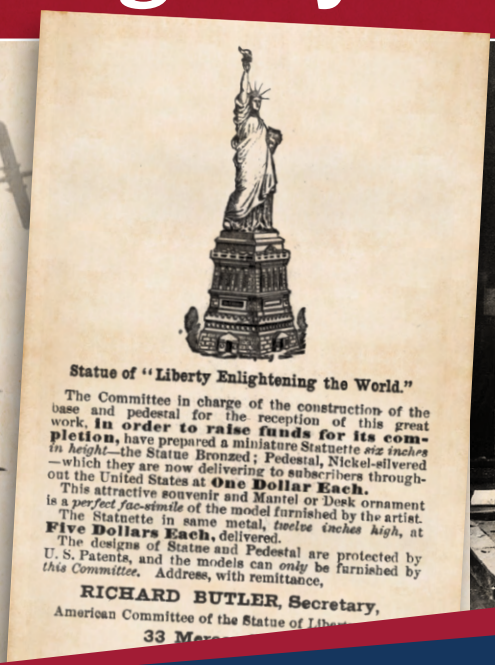


CELEBRATING 250 YEARS OF LIFE, LIBERTY, AND THE PURSUIT OF INNOVATION

1776–2026

FY 2026 Agency Financial Report





Statue of "Liberty Enlightening the World."

The Committee in charge of the construction of the base and pedestal for the reception of this great work, **in order to raise funds for its completion,** have prepared a miniature Statuette *six inches in height*—the Statue Bronzed; Pedestal, Nickel-silvered—which they are now delivering to subscribers throughout the United States at **One Dollar Each.**

This attractive souvenir and Mantel or Desk ornament is a *perfect fac-simile* of the model furnished by the artist.

The Statuette in same metal, *twelve inches high*, at **Five Dollars Each,** delivered.

The designs of Statue and Pedestal are protected by U. S. Patents, and the models can *only* be furnished by *this Committee.* Address, with remittance,

RICHARD BUTLER, Secretary,

American Committee of the Statue of Liber

33 Mer



uspto UNITED STATES PATENT AND TRADEMARK OFFICE ®

FINANCIAL AND RELATED HIGHLIGHTS (unaudited)

(Dollars in thousands)	% Change 2026 over 2025	For the year ended September 30, 2026	For the year ended September 30, 2025
Fund Balance with Treasury	21.1%	$ 4,048,120	$ 3,343,252
Property, Plant, and Equipment, Net	2.7%	300,434	292,628
Other Assets	36.0%	68,657	50,488
Total Assets	19.8%	$ 4,417,211	$ 3,686,368
Advances from Others and Deferred Revenue	(1.1%)	$ 1,580,380	$ 1,598,695
Accounts Payable	45.3%	131,884	90,767
Federal Employee Salary, Leave, and Benefits Payable	(3.9%)	353,047	367,535
Other Liabilities	10.8%	176,401	159,154
Total Liabilities	1.2%	$ 2,241,712	$ 2,216,151
Net Position	48.0%	2,175,499	1,470,217
Total Liabilities and Net Position	19.8%	$ 4,417,211	$ 3,686,368
Total Program Cost	(3.4%)	$ 4,461,618	$ 4,619,294
Total Earned Revenue	12.0%	(4,953,350)	(4,423,221)
Net (Income)/Cost of Operations	(350.8%)	$ (491,732)	$ 196,073
Budgetary Resources Available for Spending	11.3 %	6,347,060	5,704,671
Total Collections, Net	326.1 %	$ 695,129	$ 163,140
Federal Personnel	(1.8%)	13,534	13,777
On-Time Payments to Vendors	0.0 %	99%	99%

PERFORMANCE HIGHLIGHTS (unaudited)

The FY 2026 Annual Performance Report and FY 2028 Annual Performance Plan, to be posted on the annual reports webpage in 2027, will describe changes to measures and targets, including for prior years, in detail.

Strategic Area	Performance Measures		FY 2026 Target	FY 2026 Actual	Performance Results
Patents	Average First Action Utility, Plant, and Reissue pendency (months)		20.2	20.5	Not Met
	Average Total Utility, Plant, and Reissue pendency (months)		28.1	28.8	Not Met
	Inventory Management Index		>0	43,155	Met
	Compliance with Patentability Statutes (Percentage)	Statute 35 U.S. Code (U.S.C.) 101 Invention patentability (including utility and eligibility)	97.0%	98.1%	Met
		Statute 35 U.S.C. 102 Conditions for patentability; novelty (prior art compliance)	96.0%	96.4%	Met
		Statute 35 U.S.C. 103 Conditions for patentability; nonobvious subject matter (prior art compliance)	95.0%	95.2%	Met
		Statute 35 U.S.C. 112 Specification (enablement, written description, definiteness)	95.0%	95.0%	Met
		Overall Composite Compliance	86.0%	86.5%	Met
Trademarks	Average First Action Pendency (months)		5.0	4.1	Met
	Average Total Pendency (months)		11.0	9.5	Met
	Inventory Management Index		30,000	43,003	Met
	First Action Compliance Rate		95.5%	97.1%	Met
	Final Compliance Rate		97.0%	98.6%	Met
International	Percentage of prioritized countries (noted for FY 2026 are Brazil, China, and India) for which intellectual property (IP) country teams have made progress on at least three of the four performance criteria: a. Institutional improvements of IP office administration for advancing IP rights b. Institutional improvements of IP enforcement entities c. Improvements in IP laws and regulations d. Establishment of government-to-government cooperative mechanisms		66.0%	100%	Met
Customer Experience	Percentage of customers who indicate the employees with whom they interacted were helpful		70.0%	78.0%	Met
	Percentage of customers who trust the USPTO to grant patents and register trademarks in accordance with U.S. laws and regulations		75.0%	87.0%	Met



Celebrating America's 250th birthday at the USPTO

In 1776, our nation's founders declared independence based on three inalienable rights: life, liberty, and the pursuit of happiness. Over the past 250 years, innovators from coast to coast have helped turn those ideals into reality. Their ingenuity made our world safer, advanced our technological progress, and created prosperity for both the country and their families.

As America's Innovation Agency, the United States Patent and Trademark Office (USPTO) protects the inventions and brands that drive our economy forward. Throughout 2026, the agency celebrated the foundations of the intellectual property (IP) system in America, the history of patents and trademarks, and how innovation transforms our daily lives.

The foundations of the IP system in America are enshrined in article 1, section 8, clause 8 of the United States Constitution. And since the first Patent Act was signed by President George Washington in 1790, the United States has granted more than 12 million patents and registered more than 8 million trademarks. During that time, additional foundational laws have modernized the IP system, and dedicated examiners have adopted new technologies to better serve applicants.

From the lightbulb and the telephone to the brands we use every day, the USPTO remains a place where the past and future meet. Patents and trademarks tell a key part of America's innovation story—from household conveniences to life-saving technologies and cultural icons. They protect inventors and creators, encourage investment in new ideas, and help turn a single idea into products, businesses, and public benefit.

As we celebrate America at 250, we honor the spirit of invention that connects communities, builds livelihoods, and inspires future generations.



Beginning with the signing of the Declaration of Independence in 1776 and taking viewers on a journey through history to the present day, this film reveals how American innovators—and the IP system—have played a pivotal role in shaping American society from the beginning.

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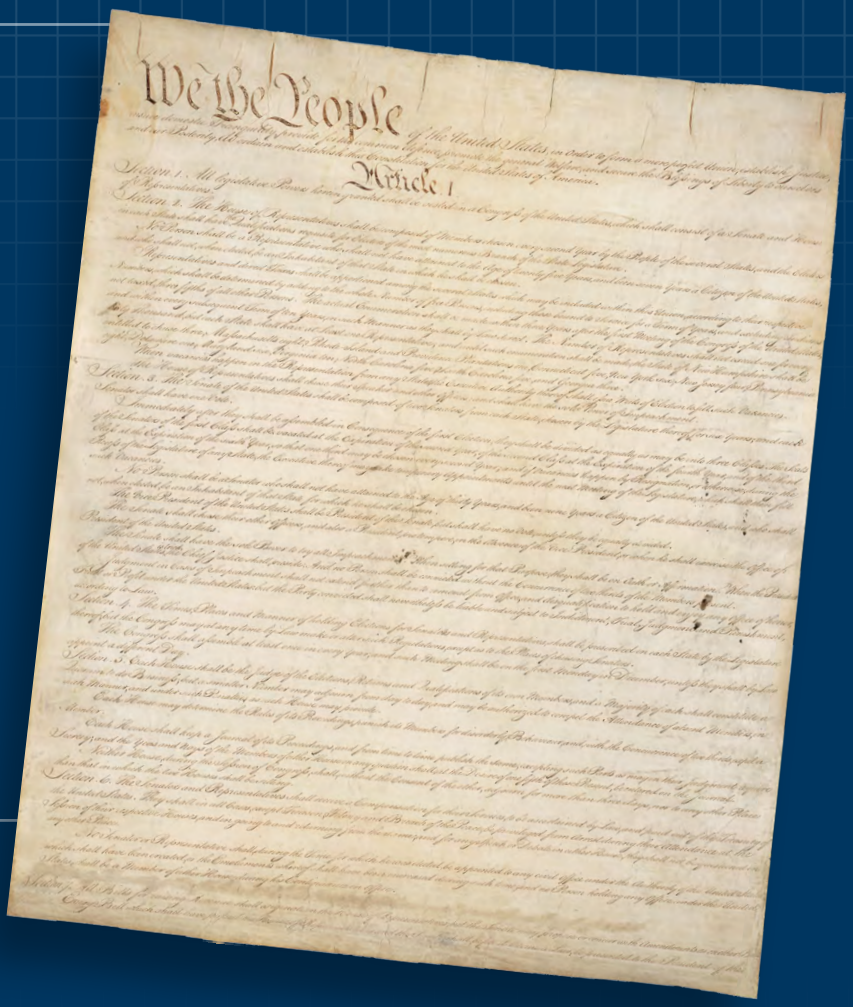
ABOUT THE COVER: *Statue of Liberty Sculptor Auguste Bartholdi used IP protection to crowdsource funds for the Statue of Liberty's completion. He received two design patents, one for the statue's bust and one for the full design.*

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Leadership Message

INTELLECTUAL PROPERTY AND THE U.S. CONSTITUTION

The foundations of the IP system in America are enshrined in the U.S. Constitution, the world's longest surviving written charter of government. Article 1, section 8, clause 8 grants Congress the power to "promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries."



1776–2026 ★★★

USPTO

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This section is unaudited.

MESSAGE FROM THE UNDER SECRETARY OF COMMERCE FOR INTELLECTUAL PROPERTY AND DIRECTOR OF THE UNITED STATES PATENT AND TRADEMARK OFFICE



***John A. Squires**, Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office*

Fiscal Year (FY) 2026 was America's Innovation Agency's year of engagement. Having returned to our core mission, we focused on accelerating American ingenuity.

This year, America celebrated its semi-quincentennial of our Declaration of Independence proclaiming citizens' inherent rights to life, liberty, and the pursuit of happiness.

In 1790, our Founders went even further, providing an individual right to incentivize innovation—the only textual recitation of a right in the seven Articles of the "Constitution Proper."

The story of American ingenuity, two hundred and fifty years young, is the story of an engine that has spectacularly spurred innovation at a pace unmatched by any other country or society in history.

President Trump has called on the United States to usher in a Golden Age of American Innovation. At America's Innovation Agency, our charge is to lead the world in converting ingenuity into robust and respected real-economy assets. Every piece of IP we put into circulation is a potential job, a new business, a competitive advantage, an investible asset, or a life-saving drug. We are answering the call through engagement, expanding the front door to the best innovation system in the world, and managing the fees entrusted to us responsibly and effectively.

Thus, our USPTO operational standards are aimed at reimagining, rearchitecting, and rebuilding a system with which innovators will want to engage and reap their commercial rewards.

For America's Invention Agency, Patents, our goal is to examine and issue high-quality rights that are born timely, born strong, and born to last. From an unacceptable all-time high of unexamined patent applications at the start of the new Administration in 2025, the USPTO has turned the corner on backlog reduction, encouragingly closing FY 2026 with inventory down by 11%—a level unseen in three years. For the first time in nearly a decade, cumulative output surpassed cumulative input within a fiscal year. We also gained substantial ground against our oldest unexamined applications, reducing time to market by almost 8 months, with studies showing even a one-week reduction in pendency increasing a U.S. company's correlated sales by an average of approximately $50,000. At the same time, quality metrics and throughput improved across the board.

The Patent Trial and Appeal Board (PTAB) also made important operational gains, achieving its maximum pendency goal of 9 months ahead of schedule, while meeting every Leahy-Smith America Invents Act (AIA) statutory deadline. In a first, we established a collaborative information highway as a loop between PTAB and Patents, taking learnings from back-end challenges to improve quality outcomes in front-end examination.

America's Branding Agency, Trademarks, made equally significant strides, driving down average

first action pendency 26.6% to 4.1 months. Disposal pendency was reduced to 9.5 months, even as filings rose. Quality remained a hallmark as well, with first action compliance at 97.1% and final compliance at 98.6%, both exceeding targets.

None of this would have been possible without our world class employees—the best in the world at what they do. In FY 2026, America's Innovation Agency became an avid super intelligence (SI) adopter in order to equip our best with the world's best tools. We strategically advanced hiring efforts to strengthen our workforce by onboarding 963 new patent examiners, 53 trademark examining attorneys, and select cybersecurity, legal, and other support positions. In full support of the Administration's emphasis on early-career hiring, the USPTO hosted a historically large class of 64 college and law student summer interns, followed by an additional 11 law student fall externs. In addition, we were an early adopter of the Tech Force initiative, already onboarding seven highly technical experts from the private sector, with plans to more than double that number in the coming months.

Across the agency, technology helped us scale to improve quality, throughput, and productivity. We successfully launched a proprietary large language model, Scout LLM, agency wide, and Patents saw nearly 75% of the examiner corps prepare over 120,000 application summaries. Our ASAP! program delivered "top 10" prior art references to applications before the first office action.

Trademarks deployed an agentic SI tool, Class ACT, that virtually eliminated manually intensive international classification and pseudo mark processing times of 5 months down to 5 seconds—and by the close of FY 2026 had analyzed more than 425,000 applications. At the same time, Trademarks enhanced operational robustness by removing nearly 14,000 applications and registrations for nonuse and fraud, shutting down more than 700 suspect USPTO.gov accounts, and helped suspend more than 700 infringing or impersonating domain names.

Along with our operational gains, the USPTO turned for the first time to meet the market with an engagement presence and engagement programs.

As to presence, we dramatically expanded community engagement through USPTO-enabled nodes at the heart of local start-up, university, incubator, industrial, and innovation ecosystems to be at the "top of the innovation funnel," complementing our infrastructure with a nimble and cost-effective presence. Under the Unleashing American Innovators Act (UAIA) of 2022, our network now includes the University of New Hampshire, Montana State University, the University of Utah, North Carolina State University, and the University of South Florida.

We have also engaged with Historically Black Colleges and Universities (HBCUs) as central partners, providing nodes at Alabama A&M University and the Atlanta University Center Consortium—whose member institutions include Clark Atlanta University, Morehouse College, Morehouse School of Medicine, and Spelman College—placing America's Innovation Agency inside two important HBCU innovation ecosystems. The USPTO is proud to answer the call in President Trump's Executive Order 14283 for federal agencies to promote excellence and innovation at HBCUs, improve their competitiveness for federal research and development funding, and foster public-private research partnerships.

In FY 2026, our regional and community engagement teams reached more than 56,000 stakeholders, participated in more than 500 events, and held more than 900 stakeholder meetings. Our national front door now extends through our Regional Outreach Offices and 104 Patent and Trademark Resource Centers in 49 states, Puerto Rico, and the U.S. Virgin Islands. We also partnered with our sister agency at the International Trade Administration to open an SI center in San Francisco



America 250 Flagship Celebration in the USPTO Madison Building Clara Barton Auditorium at the agency headquarters, beginning with Alexandria Town Crier Dr. Benjamin Fiore-Walker, followed by performances by U.S. Army Fife & Drum Corps (Old Guard) and the USPTO Patenteers Chorus, with remarks by USPTO Director John A. Squires. (Photo by Jay Premack/USPTO)

in support of President Trump's AI Action Plan. Our name, image, and likeness (NIL) outreach at the 2026 NFL® Draft, with FIFA® for watch parties, and other national events helped athletes, creators, and young entrepreneurs defend their personal brands against SI deepfakes. Trademark applications in these areas increased over 5% beginning with our mid-year engagement.

As to programs, the USPTO was equally active. We created a first of its kind standard-essential patent working group and launched a Standards Participation and Representation Kudos (SPARK) pilot program to reward smaller U.S. entities making technical contributions to standards bodies. On patent eligibility, we provided a voluntary submission mechanism for applicants designed to elicit technical information about their inventive advances.

Overseas, we recognize that American innovators compete globally from the moment a product leaves the laboratory. During FY 2026, we expanded work-sharing and accelerated-grant arrangements with counterpart offices, defended U.S. applicant interests in international forums, and trained foreign IP officials, judges, prosecutors, customs personnel, and other stakeholders through the Global Intellectual Property Academy (GIPA). These efforts reduce friction for American rights holders and strengthen respect for U.S. IP abroad.

As to global cooperation, I and USPTO leadership were delegates to the highly successful G20 Innovation Ministerial in Chapel Hill, North Carolina, helping secure the Carolina Principles consensus statement on IP protection and SI innovation for emerging technologies concerning investment, development, and human creativity.

Because the USPTO is user fee funded, financial discipline is mission critical. We maintained strong controls over spending, scrutinized contracts and operating costs, and aligned investments with examination, information technology, cybersecurity, and stakeholder service. We managed risk well and were able to confidently operate from our operating reserves without interruption during the 43-day shutdown, to the sincere appreciation of our stakeholders. FY 2026



Educational event celebrating Alexander Graham Bell's groundbreaking 150-year-old telephone patent and its impact on telecommunications and technology. The program reflected on the past and future to show how invention, innovation, and IP protection help grow the economy, connect people, and support new technologies. (Photo by Jay Premack/USPTO)

revenue reached $4.95 billion, compared with $4.42 billion in FY 2025, as patent and trademark filing activity continued to grow.

> **"Our task now is to compound those gains and deliver on the unbounded promise of American ingenuity and ensure America's Innovation Agency is here to deliver on the Golden Age of American Innovation."**

We also continued to modernize the workplace and the technology that supports it. Patent Center replaced nine legacy systems and more than 800 aging servers; 52 legacy patent, trademark, corporate, and infrastructure-support systems were retired; and approximately 80% of USPTO products were operating in the cloud at year end. In addition, we welcomed the National Science Foundation as neighbors to our Alexandria, Virginia, campus and continued investing in the professionals who make the agency work.

The financial statements and performance data in this report are complete, reliable, accurate, and consistent. The USPTO earned an unmodified (i.e., clean) audit opinion for the 34th consecutive year, with no material weaknesses, significant deficiencies, or any instances of noncompliance with laws or regulations reported. That record reflects the seriousness with which our financial professionals safeguard the resources entrusted to America's Innovation Agency.

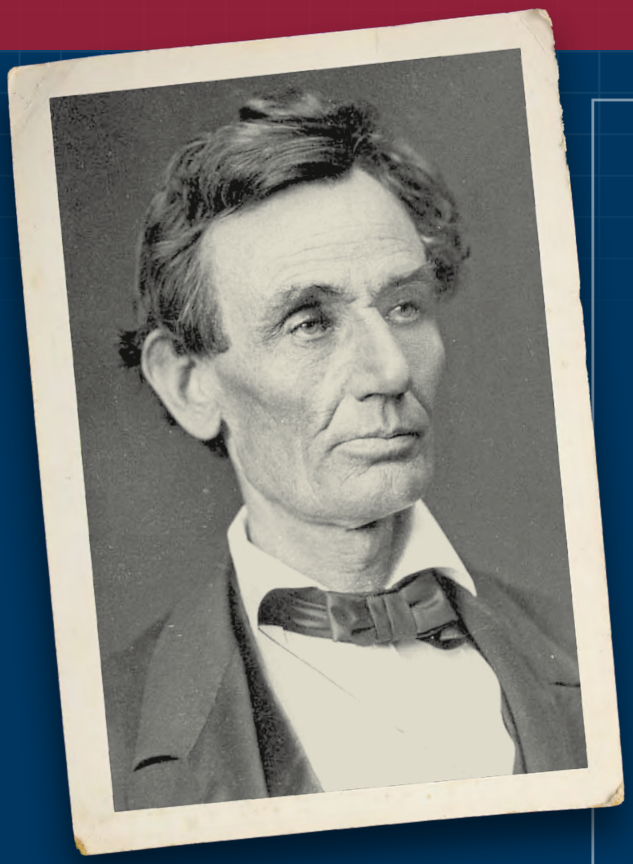
In closing, we enter FY 2027 with measurable momentum and expanded engagement. The patent backlog is increasingly smaller and younger. Trademark pendency has been cut dramatically. Appeals are moving faster. SI-assisted tools are improving workflow, productivity, and quality. Our engagement network is bringing America's Innovation Agency closer to the doorstep of innovators across our great country. Our task now is to compound those gains and deliver on the unbounded promise of American ingenuity and ensure America's Innovation Agency is here to deliver on the Golden Age of American Innovation.



John A. Squires
Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office

November 4, 2026

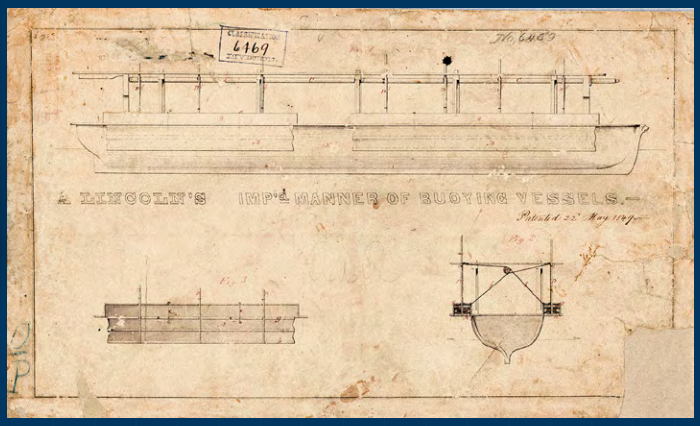
Introduction



Abraham Lincoln

ABRAHAM LINCOLN: THE INVENTOR

Abraham Lincoln received U.S. Patent No. 6469 on May 22, 1849, for a "method for buoying vessels over shoals," a mechanism to help free vessels that had run aground in shallow waters. He remains the only U.S. President to be granted a patent.



1776–2026

USPTO

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This section is unaudited.

WHO WE ARE

The USPTO, America's Innovation Agency, is responsible for granting U.S. patents and registering U.S. trademarks. The USPTO derives its mission from article I, section 8, clause 8 of the U.S. Constitution ("to promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries") and from the Commerce Clause of the Constitution (article I, section 8, clause 3), which supports the federal registration of trademarks. American industry has flourished under this system, and growing demand for the USPTO's patent and trademark goods and services illustrates the immense value of IP protection in the United States.

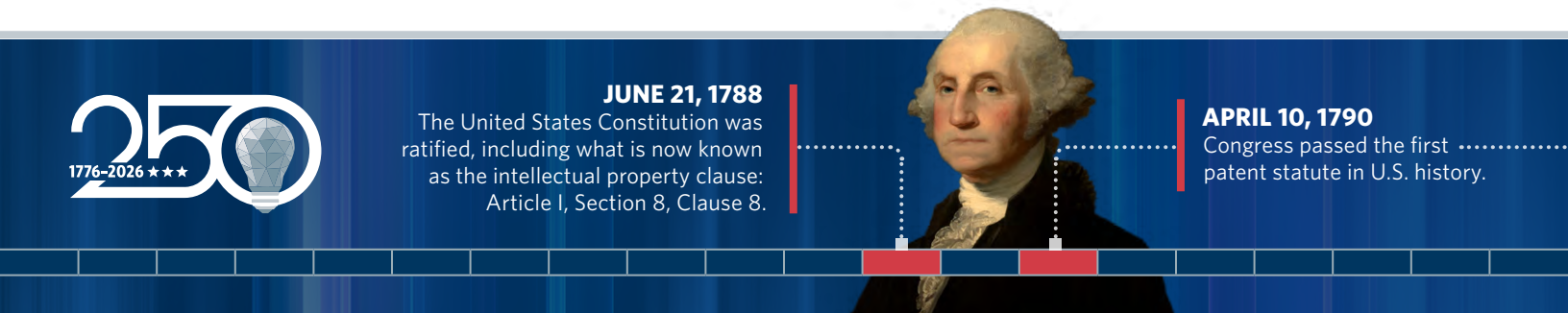
The USPTO advises the President of the United States, the Secretary of Commerce, and U.S. government agencies on IP policy, protection, and enforcement. As an agency within the Department of Commerce (DOC), the USPTO supports the department's mission to create conditions for economic growth by protecting the innovations and inventions that underpin American competitive advantage and by ensuring the nation's innovators are rewarded for their work.

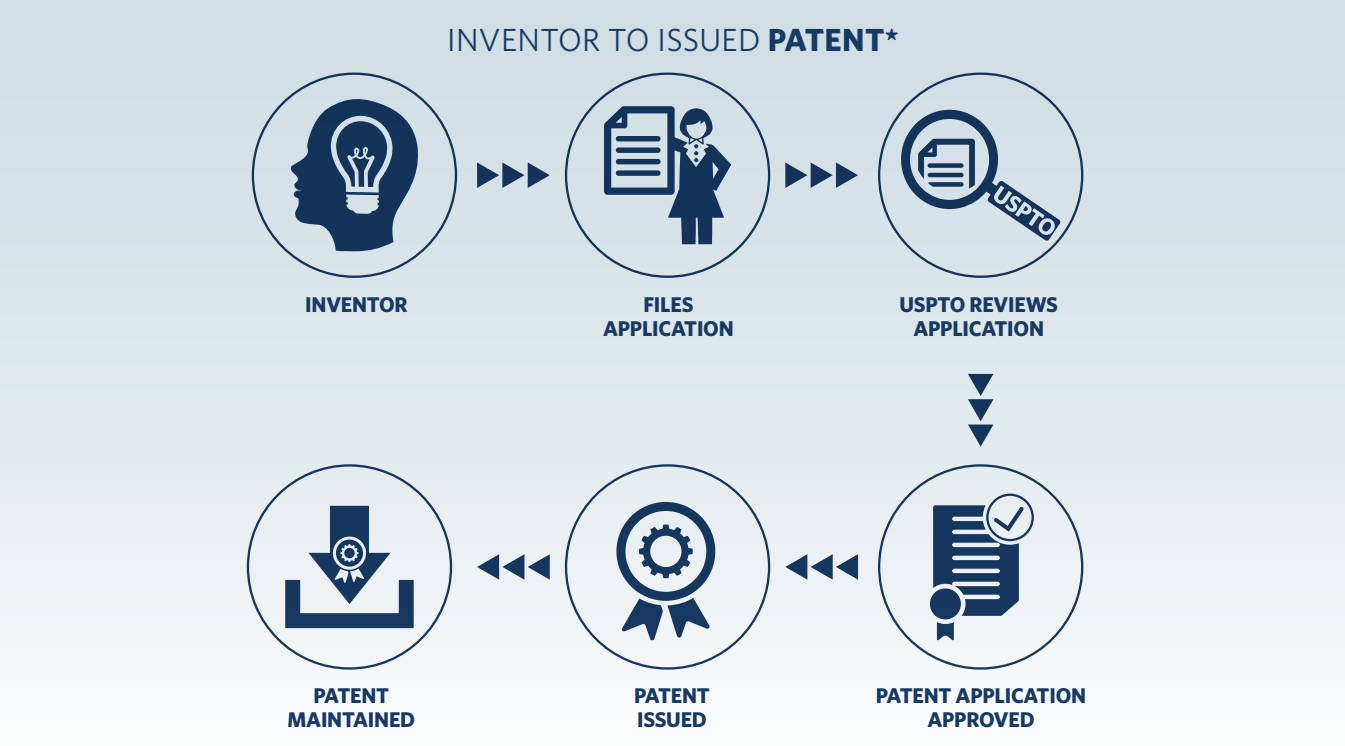
There are four basic types of IP rights in the United States: patents, trademarks, copyrights, and trade secrets. The graphic below briefly describes each type. The USPTO is responsible for patents and trademarks. However, its IP policy work encompasses all IP, including copyrights and trade secrets.

A patent for an invention represents the USPTO's granting of a right to an inventor. Generally, the term of a new utility or plant patent is 20 years from the date on which the inventor filed the patent

PATENTS	TRADEMARKS	COPYRIGHTS	TRADE SECRETS
GRANT rights to exclude others from making, using, or selling a utility, design, or plant invention.	**GRANT** exclusive use to any word, phrase, symbol, or design used to distinguish a brand from its competitors.	**PROVIDE** protection for original works—books, music, research, and other forms of creative expression.	**PROVIDE** protection for information that has either actual or potential economic value by virtue of not being generally known.
TERM Design: 14-15 years* Utility: 20 years** Plant: 20 years**	**TERM** 10 years Can be renewed indefinitely	**TERM** 70 years after author's death	**TERM** Continuous

** From date of issue depending on filing date **From the earliest claimed date for benefit*





**This graphic is a high-level overview. It is not intended to capture every step of the process.*

application in the United States—or, in special cases,[1] 20 years from an earlier, related application date—subject to the payment of maintenance fees. Under certain circumstances, a patent term extension, which extends the life of a U.S. patent to compensate for delays during regulatory approval, or a patent term adjustment, which extends the life of a U.S. patent to compensate for delays the USPTO caused during the prosecution of a patent application, might be available. U.S. patent grants are effective only within the United States, U.S. territories, and U.S. possessions. The right conferred by a patent grant is codified in 35 U.S. Code (U.S.C.) section 154, and of the grant itself, "to exclude others from making, using, offering for sale, or selling" the invention in the United States or "importing" the invention into the country. A patent grant does not grant the right to make, use, offer for sale, sell, or import the invention, but it does grant the right to exclude others from making, using, offering for sale, selling, or importing the invention. Once the USPTO issues a patent, the patentee must enforce it without agency involvement or assistance. Application and maintenance procedures for patents and general information about patents are available on the USPTO's Patent Basics webpage.

A trademark is a word, name, symbol, device, or any combination thereof used in the trade of goods to indicate the source of the goods and to distinguish them from the goods of others. Marks may take many forms: trademarks, service marks, certification marks (a type of trademark used to show consumers that particular goods and/or services, or their providers,

1 *The term "special cases" means any cases that have a benefit claim under 35 U.S.C. 120, 121, 365(c), or 386(c), considering the exceptionally high number of continuing applications filed. See 35 U.S.C. 154(a)(2).*

JULY 31, 1790
The first U.S. patent was granted to Samuel Hopkins for a process of making potash, an ingredient used in fertilizer. President **George Washington** signed the first patent.



JUNE 1, 1802
The Patent Office was established as a standalone agency. **William Thornton** was appointed as the first government employee to grant patents on a full-time basis. He was later given the title "Superintendent."



**This graphic is a high-level overview. It is not intended to capture every step of the process.*

have met certain standards), collective marks, and collective membership marks (a mark adopted by a "collective"—i.e., an association, union, cooperative, fraternal organization, or other group). A collective membership mark may be a letter or letters, a word or words, a single design, a name or nickname, or another matter that identifies the collective group. Anyone who complies with the standards defined by the owner of a particular certification mark may use it. Only particular members of the organization (the collective) that owns a collective trademark may use it. A service mark is the same as a trademark, except it identifies and distinguishes the source of a service rather than a good. The terms "trademark" and "mark" are commonly used to refer to both trademarks and service marks.

Trademark rights can prevent others from using a confusingly similar mark, but not from making or selling the same goods or services under a clearly different mark. Trademarks used in interstate or foreign commerce may be registered with the USPTO. The registration procedure for trademarks and additional general information are available on the USPTO's Trademark basics webpage.

A copyright is a form of protection provided to the authors of "original works of authorship," including literary, dramatic, musical, artistic, and certain other intellectual works, both published and unpublished. The Copyright Act of 1976 generally gives the owner of a copyright the exclusive right to reproduce the copyrighted work, prepare derivative works, distribute copies or phono records of the copyrighted work, or perform or display the copyrighted work publicly. The copyright protects the work's form of expression rather than its subject matter. For example, a description of a machine may be copyrighted, but this protection would only prevent others from copying the description; it would not



USPTO Day at the United States Patent and Trademark Office. (Photo by Jay Premack/USPTO)

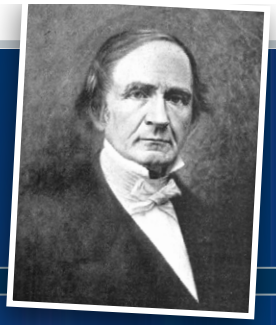
prevent others from writing a description of their own or from making and using the machine. The United States Copyright Office, a department of the Library of Congress, registers copyrights. More information about copyrights is available on the USPTO's Copyright basics webpage.

A trade secret is information that has either actual or potential independent economic value by virtue of not being generally known, has value to others who cannot legitimately obtain the information, and is subject to reasonable efforts to maintain its secrecy. All three elements are required; if any element ceases to exist, then the trade secret will also cease to exist. Otherwise, there is no limit on the length of time a trade secret is protected. More information is available on the USPTO's Trade secrets/regulatory data protection webpage.

There are three types of patents:

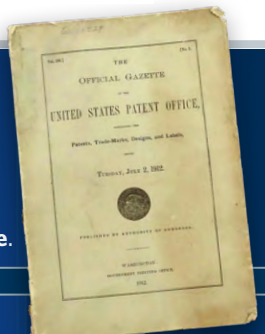
1. **Utility patents** may be granted to anyone who invents or discovers any new and useful process, machine, article of manufacture, or composition of matter, or any new and useful improvement thereof. Maintenance fees for utility patents are due at 3.5, 7.5, and 11.5 years.
2. **Design patents** may be granted to anyone who invents a new, original, and ornamental design for an article of manufacture. Maintenance fees are not required for design patents.
3. **Plant patents** may be granted to anyone who invents or discovers and asexually reproduces any distinct and new variety of plant. Maintenance fees are not required for plant patents.

NOVEMBER 9, 1842
The first U.S. design patent was granted to printer and industrialist **George Bruce** for a new typeface, or font.



OCTOBER 25, 1870
The first federal trademark registration in the United States was issued to the Averill Chemical Paint Company.

1872
The Patent Office began publishing granted patents in the **Official Gazette**.



ABOUT THIS REPORT

The USPTO's Agency Financial Report (AFR) provides information about the agency's financial position and summary performance results for FY 2026. This report demonstrates to Congress, the Administration, and the public the USPTO's efforts to promote the transparency of and its accountability for the resources entrusted to the agency. Available on the USPTO's annual reports webpage, this report satisfies the reporting requirements contained in the following legislation:

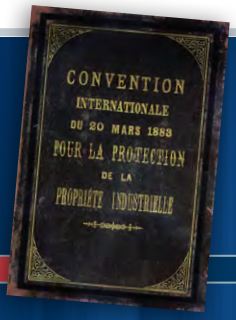
- 35 U.S.C. section 13
- Federal Managers' Financial Integrity Act (FMFIA) of 1982
- Chief Financial Officers Act (CFO Act) of 1990
- Government Management Reform Act of 1994
- Federal Financial Management Improvement Act (FFMIA) of 1996
- Reports Consolidation Act of 2000
- Accountability of Tax Dollars Act of 2002
- Government Performance and Results Act Modernization Act of 2010
- AIA of 2011
- Study of Underrepresented Classes Chasing Engineering and Science Success Act of 2018
- Payment Integrity Information Act of 2019
- Federal Information Security Management Act (FISMA)

Contributors

The financial and programmatic performance information presented in this report reflects the joint efforts of the Office of Under Secretary (OUS) and Director, the Patents organization, the Trademarks organization, the Office of Public Engagement, the Office of Policy and International Affairs (OPIA), the PTAB, the Trademark Trial and Appeal Board (TTAB), the Office of the Chief Information Officer (OCIO), the Office of the Chief Administrative Officer, the Office of Equal Employment Opportunity, the Office of the Chief Communications Officer, the Office of the General Counsel, the Office of Governmental Affairs, and the Office of the Chief Financial Officer (OCFO). See acknowledgments on page 148.



USPTO Director John A. Squires, pictured here with USPTO Historian Rebekah Oakes, pose in front of the America 250 LED video wall exhibit featuring American innovation in the Public Search Facility. (Photo by Jay Premack/ USPTO)



MARCH 20, 1887
The United States joins the **Paris Convention**, an international treaty that strengthens and harmonizes the protection of patent holders around the world.

APRIL 1, 1925
The Patent Office is transferred to the Department of Commerce.

Certificate of Excellence in Accountability Reporting

AGA awarded the USPTO its 24th consecutive Certificate of Excellence in Accountability Reporting (CEAR®) for the agency's FY 2025 AFR. The Chief Financial Officers Council and the U.S. Office of Management and Budget (OMB) collaboratively established the CEAR® program to improve accountability and clearly show both accomplishments and remaining challenges by streamlining reporting and improving the effectiveness of federal agencies' reports.


AGA

Certificate of Excellence in Accountability Reporting®

BEST-IN-CLASS AWARD

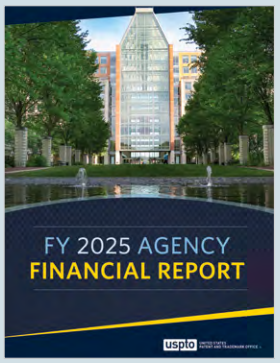
presented to the

U.S. Patent and Trademark Office

in recognition of

an outstanding leadership message

in the Agency Financial Report for fiscal year 2025



The AGA's CEAR® Best-in-Classs award and the USPTO's 2025 AFR cover

AGA highlighted the agency's easy-to-read, clear, concise, and informative financial and performance highlights, and additionally awarded the USPTO a Best-in-Class award for outstanding leadership message.

YOUR GUIDE TO USING THIS REPORT

This report is organized into three major sections and includes an appendix with a glossary of acronyms, a uniform resource locator (URL) index, and acknowledgments.

MANAGEMENT'S DISCUSSION AND ANALYSIS*

This section provides an overview of the USPTO's organization, mission, and financial framework. It also provides information on the agency's FY 2026 programs, financial position, and summary-level performance results, along with management's assessment of the USPTO's challenges and its assurances on the agency's internal controls.

FINANCIAL INFORMATION

This section begins with a message from the USPTO CFO, followed by the agency's audited financial statements, footnotes, and required supplementary information, as well as the independent auditor's report and its accompanying transmittal letter from the DOC Office of Inspector General (OIG).

OTHER INFORMATION*

This section provides a summary table of the financial statement audit and management assurances; the USPTO's top management challenges, as identified by the DOC OIG; information on the agency's efforts to eliminate improper payments; and a discussion of matters related to the biennial review of user fees. The FY 2026 workload tables are available on the USPTO annual reports webpage.

APPENDIX*

This section includes a glossary of acronyms used throughout the document, an index of referenced resources and links, and acknowledgments recognizing the individuals and groups who contributed to the development of the report.

**These sections are unaudited.*

JUNE 17, 1930
Congress passes the Plant Patent Act, creating a distinct type of patent to protect new varieties of certain plants.

AUGUST 18, 1931
Henry Bosenberg receives U.S. plant patent no. 1 for a climbing rose with ever-blooming properties that he called "The New Dawn."

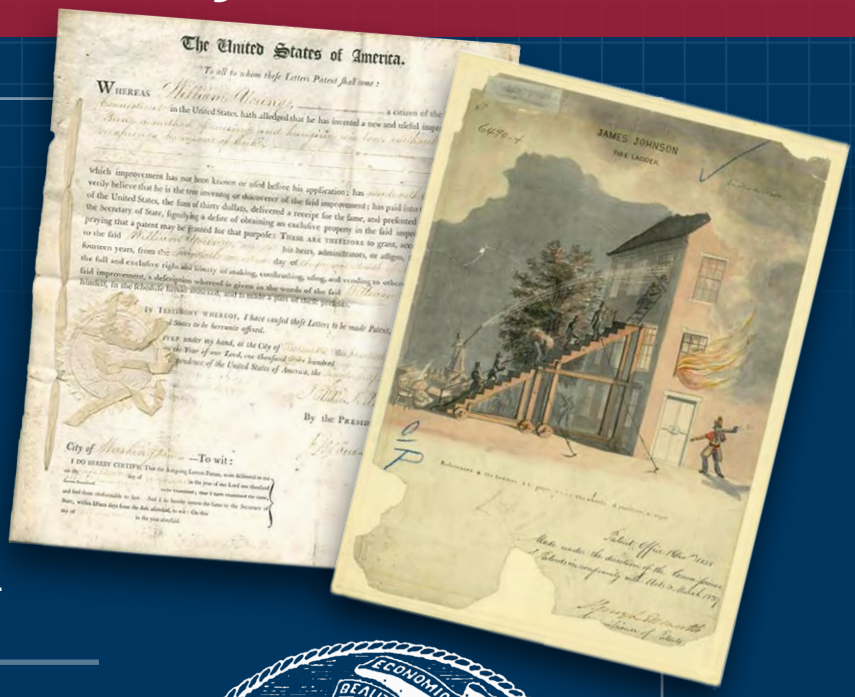


JULY 5, 1946
The Lanham Act, the primary federal trademark statute in the United States, becomes law.

Management's Discussion and Analysis

THE PATENT ACT OF 1836

Signed into law on July 4, the Patent Act of 1836 laid the groundwork for the modern patent system in the United States. It created a numbering system for granted patents, reintroduced the requirement to examine patents prior to granting them, and established a corps of professional patent examiners to do so.



FEDERAL REGISTRATION FOR TRADEMARKS

Prior to the 1870s, there was no mechanism in the United States to register trademarks nationally. Following the Trade Mark Act of 1870, Averill Chemical Paint Company received the first federal trademark registration on October 25, 1870.



1776–2026

USPTO

www.uspto.gov

This section is unaudited.

USPTO STATUTORY MISSION AND ORGANIZATION

As an agency within the DOC, the USPTO supports the department's mission to create conditions that are conducive to economic growth by promoting innovation, entrepreneurship, competitiveness, and stewardship. The USPTO also supports the DOC's goal of accelerating the growth of American leadership by strengthening IP protection and U.S. economic and national security.

The USPTO's strategy is anchored by its mission to issue patents and register trademarks that are timely, reliable, hold value in the real economy, and advance U.S. IP policy at home and abroad.

The agency's ultimate ambition is to achieve its vision of leading the world in converting human ingenuity into robust and respected real-economy assets.

The USPTO organization

As shown in figure 1, the Under Secretary of Commerce for IP and Director of the USPTO leads the agency. The USPTO executes its core mission through two programs: the Patent Program and the Trademark Program.

The Commissioner for Patents is responsible for the Patent Program and leads the Patents business unit. The Commissioner for Trademarks is responsible for the Trademark Program and leads the Trademarks business unit. The OPIA formulates U.S. domestic and international policy regarding the protection and enforcement of IP rights. Other units within the USPTO support the Patent and Trademark Programs with cross-cutting functions like information technology (IT); human resources; financial, legal, and administrative services; and communications.

Two Public Advisory Committees (PACs) provide certain advice about patent and trademark operations to the Under Secretary: the Patent Public Advisory Committee (PPAC) and the Trademark Public Advisory Committee (TPAC). These committees were created by statute in the American Inventors Protection Act of 1999 (AIPA) to provide counsel on the management of patent and trademark operations. Consisting of U.S. citizens whom the Secretary of Commerce appoints to represent the diverse interests of USPTO stakeholders, the committees review patent and trademark poli-

FIGURE 1: UNITED STATES PATENT AND TRADEMARK OFFICE

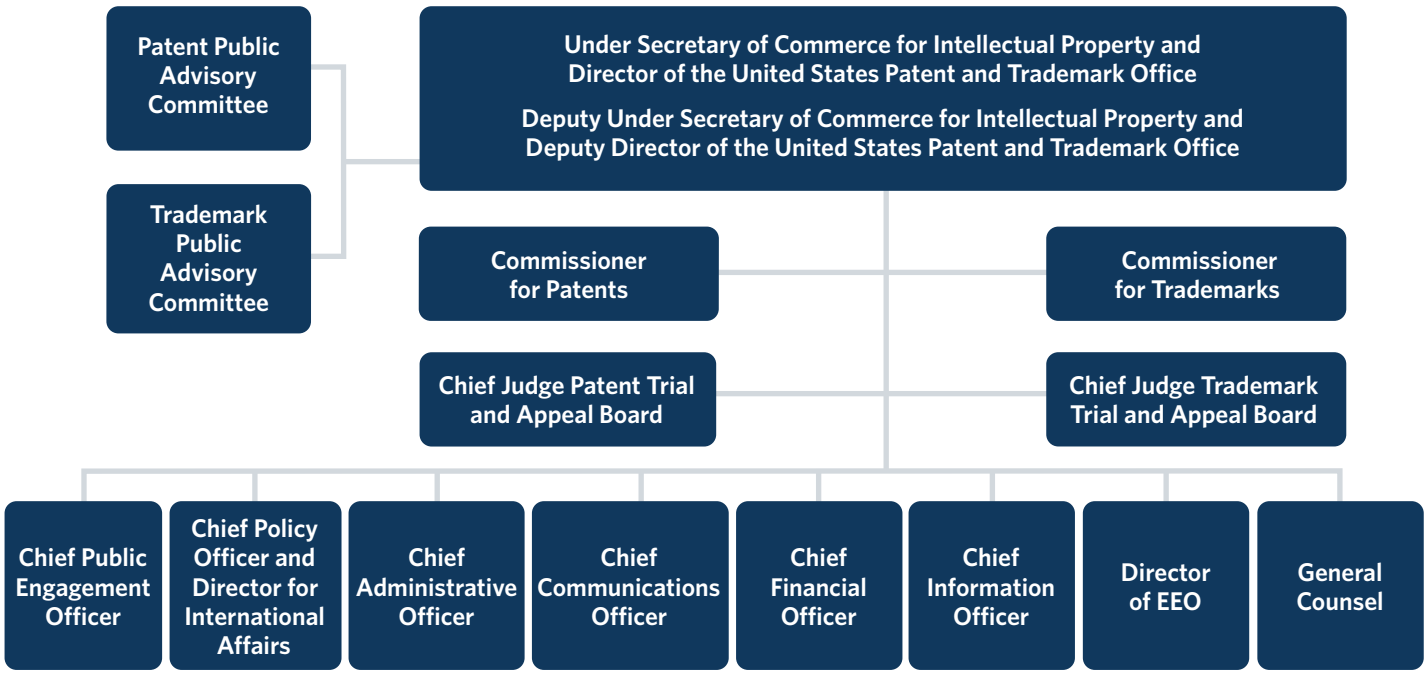
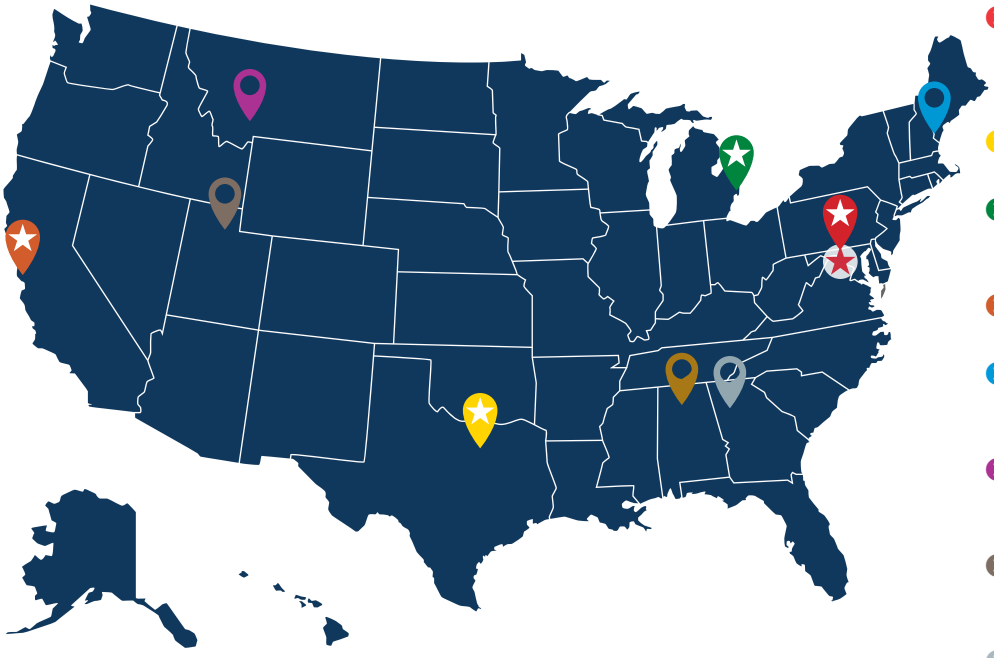


FIGURE 2: MAP OF THE USPTO HEADQUARTERS, REGIONAL, AND ENGAGEMENT OFFICES*



USPTO headquarters USPTO regional office USPTO engagement office

*As of September 30, 2026 www.uspto.gov/locations

- **Alexandria, VA:** USPTO headquarters; Northeast Regional Outreach Office; Southeast Regional Outreach Office
- **Dallas, Texas:** Southwest Regional Outreach Office
- **Detroit, Michigan:** Midwest Elijah J. McCoy Regional Outreach Office
- **San Jose, California:** Western Regional Outreach Office
- **Durham, New Hampshire:** Northern New England Community Engagement Office
- **Bozeman, Montana:** Northwest Frontier Community Engagement Office
- **Salt Lake City, Utah:** Mountain West Community Engagement Office
- **Atlanta, Georgia:** Atlanta Community Engagement Office
- **Huntsville, Alabama:** Huntsville Community Engagement Office

cies, goals, performance measures, budgets, and user fees and advise the Under Secretary on these matters accordingly.

During FY 2026, the USPTO operated its headquarters, a Northeast Regional Outreach Office, and a Southeast Regional Outreach Office in Alexandria, Virginia. Its footprint also included regional offices in Dallas, Texas; Detroit, Michigan; and San Jose, California. The USPTO also managed five community engagement offices in Durham, New Hampshire; Bozeman, Montana; Salt Lake City, Utah; Atlanta, Georgia; and Huntsville, Alabama (figure 2). In the second half of FY 2026, the USPTO announced Raleigh, North Carolina, and Tampa, Florida, as the locations for two new community engagement offices. These offices will open in early FY 2027. The USPTO's community engagement office model fulfills agency requirements contained in the Unleashing American Innovators Act (UAIA) of 2022. Combined, the agency's regional offices and community engagement offices provide inventors, entrepreneurs, and small businesses with an agency presence in every U.S. time zone. In addition, the USPTO has an established presence in the DOC National SI Center in San Francisco, California.

USPTO financial framework

The USPTO's financial model is unique among government agencies. The Omnibus Budget Reconciliation Act (OBRA) of 1990 mandated that the agency fund its operations entirely through patent and trademark user fees, not taxpayer funds—a change implemented in 1991. In 1999, the AIPA incorporated performance-based attributes into the



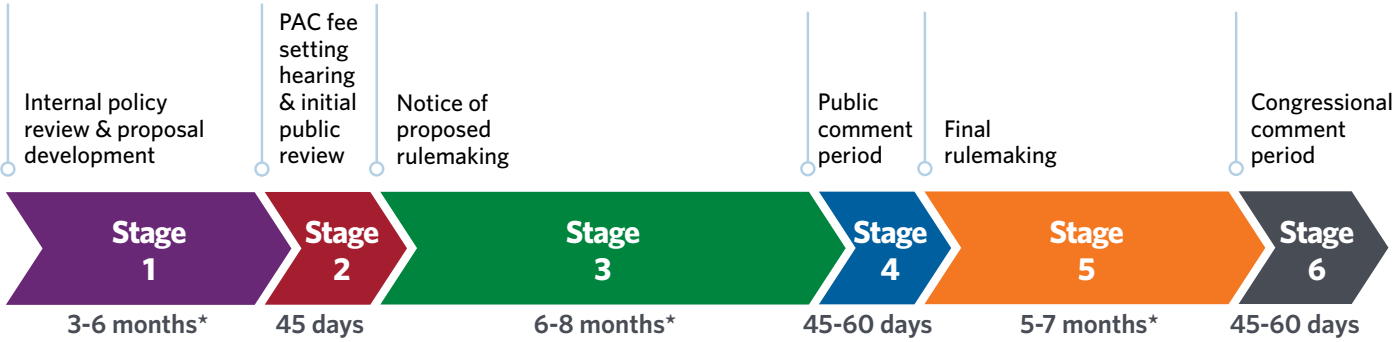
DECEMBER 15, 1836
A catastrophic fire destroys the **Patent Office**, as well as many patent documents and models.



1840
The first purpose-built Patent Office opened for business. This facility was also the first federally-funded museum in Washington, D.C., and became a premiere tourist attraction.

1873
Anna Nichols is appointed as the first female patent examiner.

FIGURE 3: THE AIA FEE SETTING PROCESS



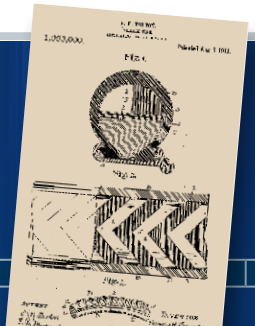
The AIA fee setting process takes approximately two years.
**The actual time varies based on a number of factors, including the complexity of the fee change proposals, the variety of public feedback, and external clearances.*

USPTO's operations to associate user services with user fees. For example, the USPTO has a clear statutory direction and mission statement, measurable services, and a performance measurement system that outlines the agency's performance expectations and known funding sources. In 2011, the AIA (Pub. L. 112-29) provided a mechanism through which the agency may access all fees it collects and granted it complete fee setting authority. Both provisions are essential to the USPTO's sustainable funding model. The Continuing Appropriations and Extensions Act, 2027 (Pub. L. 119-103) amended the AIA to extend the agency's fee setting authority through December 11, 2026. Absent congressional action, the agency's fee setting authority will expire on that date.

Fee setting authority allows the USPTO to set and adjust fees to align aggregate revenue with aggregate costs—a critical component of the agency's ability to accomplish its mission and mitigate risk. The fee setting process begins with biennial reviews (see page 139) of current patent and trademark fee schedules, as required under the CFO Act and OMB Circular No. A-25 Revised. As part of these reviews, the agency evaluates its financial outlook under the existing fee schedules and thoroughly researches and analyzes proposed revisions to certain fees. Results of these reviews inform the agency's decision to initiate the fee setting process. Since enactment of the AIA, the USPTO has adjusted fees eight times (four each for patent fees and trademark fees), with the most recent adjustments to both programs occurring in January 2025. The USPTO recognizes its responsibility to its stakeholders and carefully maintains a rigorous and transparent fee setting process. By design, the entire process takes approximately two years, as defined in the AIA. Figure 3 depicts each stage.

During **STAGE 1** of the fee setting process, agency experts research, analyze, and develop recommendations for potential revisions and additions to the schedules based on biennial review results, an analysis of Administration priorities, and the USPTO's operating environment, strategic goals, performance results, and financial outlook. In **STAGE 2**, the agency engages with the applicable PAC (i.e., the PPAC or TPAC), which then hosts a public hearing where stakeholders may offer their opinions on specific fee proposals or a general strategy for the agency's use of fee collections. The committee then issues a public report delivering comments, advice, and recommendations regarding

AUGUST 8, 1911
Utility Patent no. 1 million was granted to Francis H. Holton for a tubeless vehicle tire.



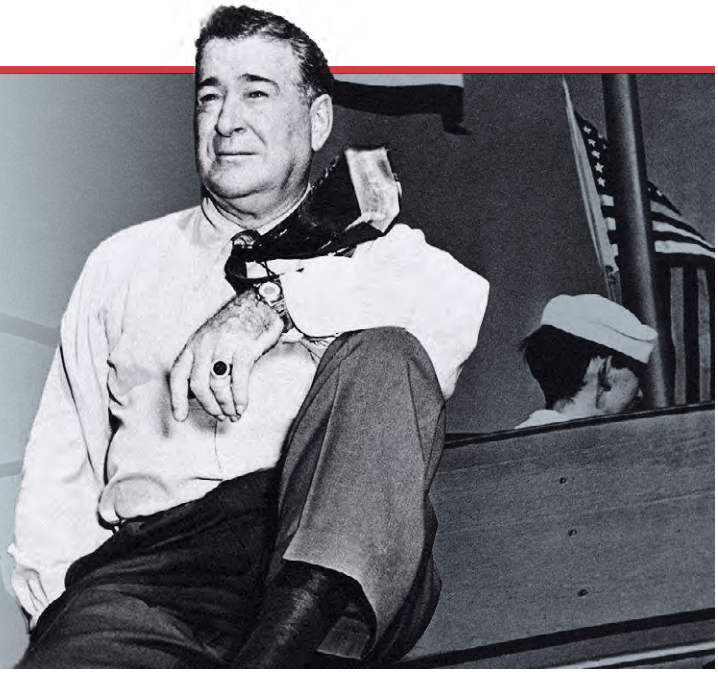


DECEMBER 17, 1974
Trademark Reg. No. 1,000,000 was registered to the **Cumberland Packing Corp.**

ANDREW HIGGINS

U.S. PATENT NO. 2,144,111

Andrew Higgins invented an amphibious landing craft, a crucial World War II technology used on D-Day. Higgins then started a factory to manufacture his boats, hiring anyone who worked hard regardless of gender or race, and paid all of his employees equal wages for equal work.



the fee proposal. During **STAGE 3**, the USPTO considers the committee's advice and recommendations, along with public feedback, then drafts a notice of proposed rulemaking with another public comment period that comprises **STAGE 4**. During **STAGE 5**, the agency incorporates public feedback and updates its operational and strategic priorities, resulting in a final rule that announces a proposed implementation date following a congressional comment period (**STAGE 6**). Using fee reviews, fee setting authority, and other tools, the USPTO continuously refines and balances the aggregate revenue and aggregate costs forecasted in its multiyear plans.

Patent Program

The USPTO implements the Patent Program through the Patents business unit, led by the Commissioner for Patents, who oversees patent operations; examination policy; quality management; and resource, planning, and budget administration. The Commissioner also oversees the implementation of certain international patent cooperation activities.

The primary function of Patents is examination—a process in which patent examiners (highly skilled professionals with backgrounds in science, engineering, and graphic design or art) review patent applications to determine whether the claimed invention meets the statutory requirements for patentability. As part of this process, patent examiners determine whether the claimed invention is eligible for patent protection, adequately disclosed, and clearly defined. Patent examiners compare the claimed invention to a large body of technical information to determine whether it is novel (something that has never been publicly described, used, sold, or available before) and nonobvious (something unpredictable or not readily apparent to someone of an ordinary skill level in the relevant field). In addition, patent examiners respond to appeal briefs on applications appealed to the PTAB and prepare preliminary examination reports for international applications filed under the Patent Cooperation Treaty. Patents is responsible for developing examination policy, patent-focused education and stakeholder

outreach, and, in collaboration with the OPIA, initiatives that support international cooperation.

The patent program also includes the PTAB, an administrative body that functions similar to a court for patent matters at the USPTO. The PTAB reviews the rejections examiners issue in appeal proceedings and decides patentability questions for issued patents in AIA trials.

Trademark Program

The USPTO implements the Trademark Program through the Trademarks business unit, led by the Commissioner for Trademarks, who oversees trademark operations; examination policy; quality management; register protection; and resource, planning, and budget administration.

The primary function of Trademarks is to register marks (i.e., trademarks, service marks, certification marks, collective marks, and collective membership marks) that meet the statutory requirements of the Trademark Act of 1946, as amended. The Trademark Register provides public notice of the trademark rights claimed in pending applications and existing registrations.

To execute its mission, Trademarks engages in two core practices: examining applications for trademark registration and processing filings to maintain registrations. As part of these practices, examining attorneys search electronic databases for pending or registered marks that are confusingly similar to those in a subject application; examine applications to determine if they are registrable and potentially refuse registration under specific sections of the Trademark Act; communicate findings to applicants and approve applications to be published for opposition; and examine statements of use in claims filed under the intent-to-use provisions of section 1(b) of the Trademark Act. In addition, Trademarks evaluates and approves lawful maintenance documents and trademark registration renewals. Finally, Trademarks develops examination policy, provides trademark-focused education and outreach to stakeholders, and, in collaboration with the OPIA, implements initiatives that support international cooperation.

The trademark program also includes the TTAB, an administrative body that functions similar to a court for trademark matters at the USPTO. The TTAB reviews appeals involving applications to register marks, appeals from expungement or reexamination proceedings involving registrations, and various types of trial cases involving applications or registrations.

GAIL BORDEN, JR.

U.S. PATENT NO. 15,553

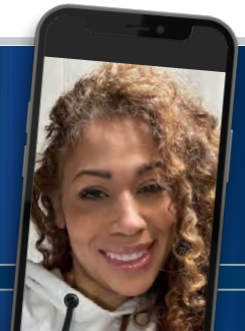


After witnessing the tragic deaths of children aboard a steamship due to the lack of access to fresh milk, Gail Borden, Jr. set out to discover a way to stop milk from spoiling. This led to his invention of condensed milk, a discovery which improved the diet of many 19th century Americans, including soldiers in the United States Army during the Civil War.



JUNE 19, 2018
Utility Patent no. 10 million was granted to inventor **Joseph Marron** and patent assignee Raytheon Company for a "Coherent LADAR Using Intra-Pixel Quadrature Detection," which improves laser detection and ranging.

SEPTEMBER 26, 2023
Design Patent no. 1 million was granted to **Agustina Huckaby** of Fort Worth, Texas, for the ornamental design for a dispensing comb.



Cross-cutting, mission-enabling functions

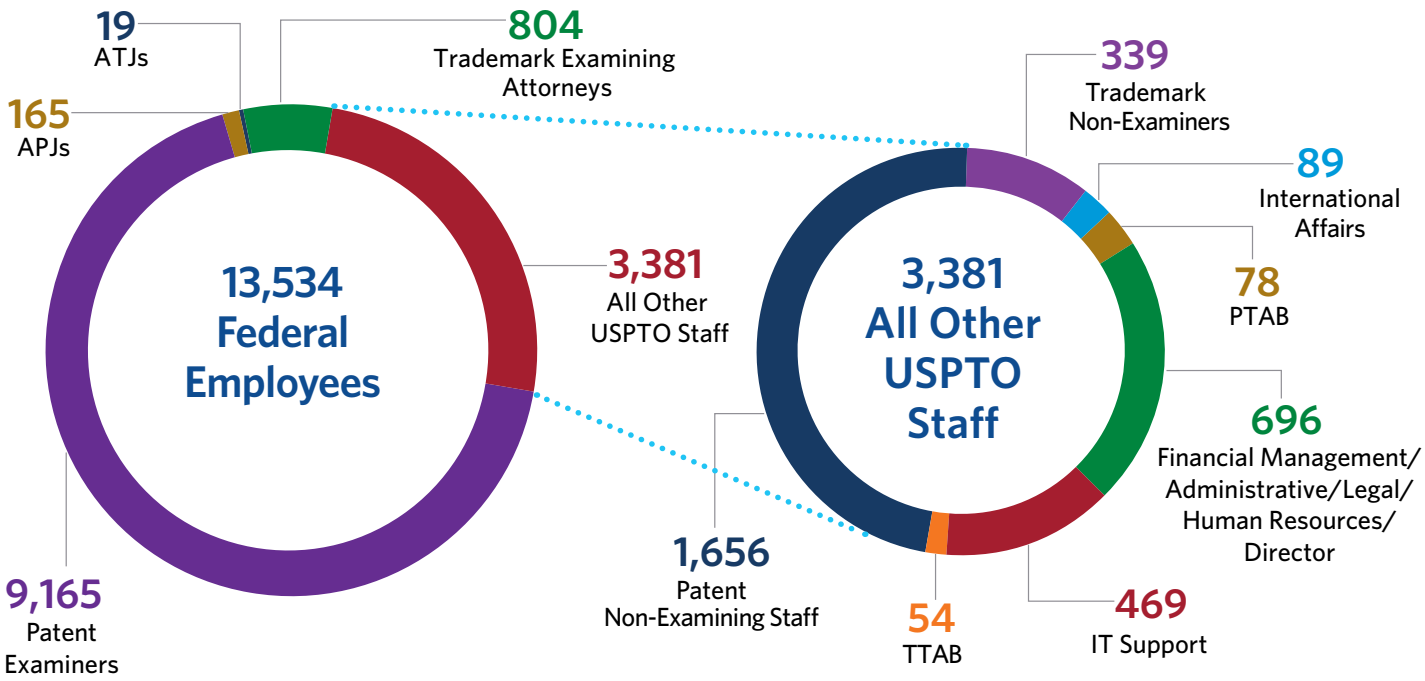
The USPTO efficiently executes cross-cutting functions to enable the Patent and Trademark Programs to achieve their goals. Prominent and strategic cross-cutting functions include providing domestic and global leadership in IP policy, protection, and enforcement, as well as maximizing efficiency to fulfill the agency's mission. For operational efficiency, the USPTO centralizes additional support activities necessary for mission-critical operations such as executive direction, financial and legal services, human capital and facilities management, and IT infrastructure support. Significant objectives of the agency's cross-cutting functions include:

- Advising the Secretary and the Administration on IP as a core competitive, economic, and national security asset
- Commanding respect for U.S. IP at home and abroad
- Ensuring effective enforcement remedies exist against infringement, theft, and misappropriation
- Insistence on international reciprocity so American rights stay valuable and respected abroad
- Engaging inventors, brand owners, and the public as customers of a trusted issuer of value
- Running a performance culture that rewards getting it right and getting it out
- Using data to see quality, time to market, and risk in real time
- Deploying SI, modern systems, and tools that deliver quality faster
- Attracting, training, and retaining world-class talent

USPTO staffing

At the end of FY 2026, the USPTO workforce (figure 4) comprised 13,534 federal employees, including 9,165 patent examiners, 804 trademark examining attorneys, 165 administrative patent judges (APJs), 19 administrative trademark judges (ATJs), and 3,381 other staff members performing functions in areas including, but not limited to, international affairs, congressional relations, IT support, financial management, administrative duties, legal affairs, human resources, and OUS support.

FIGURE 4: USPTO STAFFING



PERFORMANCE HIGHLIGHTS

To fulfill its mission and goals, the USPTO uses a comprehensive strategic performance framework and a quarterly internal reporting structure that guide and monitor the implementation of its objectives, initiatives, and performance measures. These measures track the agency's progress on key performance indicators, some of which can be viewed on the USPTO data and statistics dashboard.

The agency's patent examiners, trademark examining attorneys, and support employees efficiently deliver reliable patent and trademark rights. They rely on IT as a mission-critical driver to achieving the USPTO's organizational performance goals. The USPTO allocates a majority of its costs to personnel and IT—in the form of compensation, benefits, production incentives, IT contracts, and software and hardware—to enable the patent and trademark operations.

This section is organized according to crucial areas that support the USPTO's mission.

Patents: *America's Invention Agency*

In FY 2026, the USPTO continued to advance its mission through issuing patents that are born strong, born timely, and born to last. The agency focused on improving workload management, reducing time to market, strengthening integrity, and expanding the use of data and technology, including SI, to support more efficient and consistent examination. These efforts contributed to measurable progress in inventory reduction, operational modernization, and service delivery to inventors, businesses, practitioners, and the American people.

Time to market

In FY 2026, the USPTO made meaningful progress toward improving key performance outcomes supporting the agency's strategic objectives. For the first time in nearly a decade, the USPTO's cumulative patent output exceeded cumulative filings within the fiscal year, reflecting sustained examination productivity and improved capacity management. This improvement was reflected in the Patent Inventory Management Index (PIMI), which tracks increases or decreases as measures of health of the unexamined patent application inventory. Positive values indicate that the backlog decreased over the course of the fiscal year. The PIMI for FY 2026 was 43,155, higher than the fiscal year target of zero. This milestone is significant because it demonstrates the agency's ability to process more work than it receives over an extended period—an important indicator of progress in reducing the inventory and time to market.



The Patent Inventory Management Index was 43,155, higher than the FY 2026 target of zero.

The USPTO also continued to improve measures related to pendency and inventory. At the end of FY 2026, inventory declined from a high of 837,928 in January 2025 to 745,074, a reduction of 92,854 applications or approximately 11.1%. This decline reflects the agency's continued emphasis on focused production, workload balancing, and strategic allocation of examination resources. While pendency remains an important challenge, the downward trend in inventory shows that the agency's efforts are having a measurable effect. The USPTO also focused resources on reducing the age and volume of unexamined patent applications. By directing examination capacity toward older applications, the inventory age declined by more than 4 months during FY 2026.

The USPTO continued the examiner pendency balance award program, which specifically targets reducing the inventory and preferentially targets higher backlog areas, utilizing the examination expertise of both primary patent examiners and supervisory patent examiners. In FY 2026, the agency processed 52,551 new applications via the

award program, which helped contribute to the pendency and inventory results.

To simplify customer-facing communications about pendency performance measurement, in FY 2026 the USPTO returned to measuring patent pendency as the average number of months between filing and the first office action (first action pendency) and the average number of months between filing and final disposition (total pendency). This return to historical pendency measures helped clarify performance expectations and reliability of the agency's timeline estimates. The USPTO's patent pendency goals include achieving an average first action pendency of 20.5 months and a total pendency of 28.8 months. While first office action pendency and total pendency remained slightly above the targets of 20.2 and 28.1, respectively, during FY 2026, the agency continued to make measurable progress toward improved timeliness.

Patent first action pendency was **20.5** months and total pendency was **28.8** months, slightly above the FY 2026 targets of **20.2** and **28.1** months, respectively.

Patent quality

In FY 2026, the USPTO worked to ensure pendency gains did not come at the expense of patent quality. Quality metrics remained strong for both properly made and omitted rejections, reinforcing Patents' commitment to rigorous examination standards.

ALEXANDER GRAHAM BELL

U.S. PATENT NO. 174,465

Alexander Graham Bell is most famous for inventing the first practical telephone, and he also did important work in the field of hearing and speech. Bell's mother, and later his wife, were deaf. His desire to communicate better with his mother led to him studying acoustics. He refused to have a telephone in his study, claiming it was a distraction.

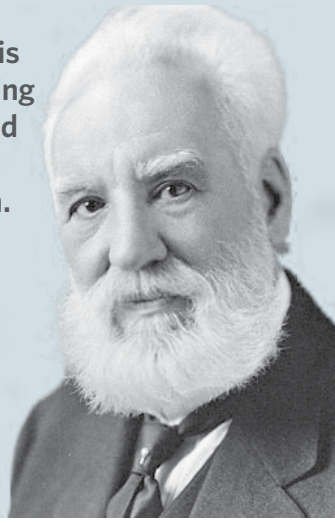


Table 1 summarizes FY 2026 results according to strong statutory compliance metrics that align with the agency's strategic goal to issue reliable patents that are born strong, born timely, and born to last.

In addition to conducting rigorous, regular, and random monitoring of patent examinations and maintaining statutory compliance, the agency also adopted a focused, data-driven approach to gauging patent quality. High-level examination practice statistics provide an ideal, objective starting point for evaluating examination characteristics and also highlight where practices diverge from established norms. While statistics alone do not determine patent quality, they efficiently guide the agency's attention toward the examination areas that pose the greatest risk of inconsistency. The USPTO's focused approach ensured that the

TABLE 1: PATENTS STATUTORY COMPLIANCE METRICS RESULTS

In FY 2026, the USPTO exceeded its key performance indicators for patent quality targets-Compliance with Patentability Statutes under 35 U.S.C. (Percentage)	FY 2026 Target	FY 2026 Actual
101 Invention patentability (including utility and eligibility)	97.0%	98.1%
102 Conditions for patentability; novelty (prior art compliance)	96.0%	96.4%
103 Conditions for patentability; nonobvious subject matter (prior art compliance)	95.0%	95.2%
112 Specification (enablement, written description, definiteness)	95.0%	95.0%
Overall Composite Compliance	86.0%	86.5%

agency deployed quality assurance resources with maximum impact—to improve consistency across examination, reduce variability in outcomes, and reinforce confidence in the strength and reliability of issued patents.

One such quality assurance resource was the Patent Quality Recognition Award, which emphasizes the continued importance of high-quality patent work products that enhance the value and durability of patents. The award is an initiative that recognizes employees for exceptional office actions. In FY 2026, more than 1,000 patent examiners and 300 supervisory patent examiners, representing every technology center in the Patent Corps, were honored for their outstanding work.

In addition to taking regular and more creative approaches to monitoring quality and providing feedback, the USPTO aims to ensure that patent examiners have the best guidance and tools to support timely and legally sound decisions while maintaining quality and consistency. Early in FY 2026, the USPTO issued updated guidance for examining design patent applications related to computer-generated interfaces and icons, helping examiners determine whether certain applications claim statutory subject matter under 35 U.S.C. 171. This guidance addresses modern design technologies, including projections and holograms, and supports the more consistent treatment of applications involving emerging visual and digital design formats. This type of guidance is especially important in areas where technological change is rapid and patent examiners must apply examination standards with precision.

The USPTO also advanced 35 U.S.C. 101 support through subject matter eligibility declaration guidance, helping inventors via market information and documented evidence of real-world applications of their inventive ideas. Such on-the-record information provides the USPTO a more complete, constructive model of inventions, enabling the agency to describe the less visible or tangible nuances of innovation. These best practices improve clarity and consistency for both applicants and examiners while supporting a framework that fosters U.S. leadership in emerging technologies.

> **"The vision behind LOOP is simple yet powerful: learn from what happens after patents issue and use those lessons to strengthen examination practices."**
>
> *Director John A. Squires, A LOOP Around the Sun and on Patent Quality blog.*

During FY 2026, a collaboration between Patents and the PTAB produced a novel means of delivering patent examination best practices to all patent examiners. Patents and the PTAB identified use-case examples of both high-quality examination practices and potential examination errors identified in later PTAB proceedings. Recognizing the value of these insights, in February 2026, the USPTO kicked off a monthly learning series, Learning from Outcomes to Optimize Patents (LOOP). This training series highlights examples and emphasizes exemplary examination practices while identifying opportunities for improvement in patent examination. In this manner, the agency provides another robust feedback loop from the PTAB to patent examination practice, bolstering its many avenues and available tools to ensure patents are "born strong."

Detecting and mitigating fraud and abusive practices in the patent system

In FY 2026, the USPTO advanced a born strong, born timely, born to last approach to protecting the IP system by strengthening efforts to detect and address fraudulent application filings, unauthorized representations, and misrepresentations that undermine the integrity of agency proceedings and delay the agency's consideration of legitimate matters.

The agency's Patent Fraud Mitigation Unit (PFMU) identifies emerging risks, evaluates suspicious activity, and coordinates responses to fraudulent filings and other improper conduct. During FY 2026, the PFMU shut down dozens of Patent Center accounts responsible for thousands of improper submissions that violated the USPTO Rules of Practice, patent electronic subscriber agreement, and website terms of use. This action was part of the PFMU's continued efforts to detect and address improper filings.

When appropriate and based on surrounding circumstances, the PFMU also uses the administrative sanction process to address fraud and misrepresentation in submissions to the USPTO and impose sanctions for rule violations, including by terminating proceedings in patent applications. The PFMU issued around 1,000 show cause orders in applications where the record included evidence of rule violations and terminated proceedings in more than 650 applications in FY 2026.

Under the UAIA, the PFMU has the authority to issue fee deficiency notices and monetary fines related to false entity status assertions and certifications. In FY 2026, the PFMU assessed penalties in more than 375 patent applications and collected more than $725,000 in deficient fees and penalties.

The USPTO also continued to terminate or otherwise remove noncompliant matters from the active inventory when appropriate, preserving examination resources for legitimate applications. This work supported both operational efficiency and the integrity of the examination process by ensuring that applications not meeting statutory or procedural requirements did not occupy limited agency resources.

Federal court decisions supported USPTO actions to address egregious fraud, including the termination of thousands of patent applications that contained papers fraudulently signed by parties using an unknowing practitioner's signature and credentials. In addition, the USPTO issued a final rule requiring patent applicants and owners domiciled outside the United States and its territories to be represented by a registered USPTO patent practitioner. This rule aligns U.S. practice with that of most other countries to improve efficiency and quality and strengthen the enforcement of statutory and regulatory requirements.

These actions reinforced the USPTO's commitment to preserving the integrity of the U.S. patent system. The agency's work in this area helps safeguard applicants, practitioners, and the American public by deterring misconduct and maintaining confidence in patent proceedings.

GEORGE WASHINGTON CARVER U.S. PATENT NO. 1,522,176

An agricultural scientist, George Washington Carver promoted the growth of peanuts for their nutritional benefits as well as a soil-replenishing crop alternative to cotton. In 1925, Carver was granted a patent for a cosmetic made from peanuts. The patent describes a "pomade" which will "provide a 'vanishing cream' of any desired or usual tint."



Transforming examination

The USPTO continued investing in SI and IT modernization in FY 2026 to improve patent examination support, search capabilities, and operational decision-making. These efforts aligned with the agency's broader strategy of using data and technology to support high-quality service delivery faster.

The USPTO expanded its use of SI-enabled tools, including the Searching, Consolidating, Outlining, and Understanding Tool (Scout) Large Language Model (LLM), to support more nimble examination workflows. These tools assist patent examiners with analytical tasks and improve the speed with which

they identify and review relevant information. The USPTO's approach emphasizes the use of SI as a support tool that enhances human expertise, rather than replacing examiner judgment. During the first week of the Scout LLM rollout in May 2026, more than 3,700 patent examiners made over 12,900 requests for SI-generated patent application summaries in the examination process.

The agency also launched the AI Search Automated Pilot Program, designed to assess the feasibility of conducting an automated search before examining original, noncontinuing, nonprovisional patent applications. This pilot program improves pre-examination search quality and provides patent examiners with more comprehensive information early in the examination process. Using SI-supported searches before conducting substantive reviews represents a promising approach to improving both efficiency and consistency.

The USPTO continues to explore expanding the use of DesignVision, an SI-powered tool capable of searching U.S. and foreign industrial design collections using images as input queries. The tool provides centralized access to and federated searching of design patents, registrations, trademarks, and industrial designs from over 80 global registers and returns search results based on, and sortable by, image similarity.

In FY 2026, the agency advanced the Patent Cooperation Treaty Informed Examination Request Pilot Program, designed to assess the impact of international phase work products on national stage applications. A national stage application brings an international patent application into the U.S. patent system for examination. This pilot program gives applicants the option to proceed with, delay, or abandon examination based on available work products, thereby helping the USPTO evaluate whether this information improves examination efficiency and resource allocation. This initiative reflects the USPTO's ongoing interest in identifying process improvements that reduce unnecessary workload and improve applicants' ability to make informed choices.

In addition, the USPTO continued to develop and refine data-driven identity screening and relationship analysis tools to support fraud detection, real party in interest (RPI) reviews, and other proceedings. These tools help the agency identify duplicative filings, hidden coordination, and other potentially abusive practices earlier in the examination process. By improving the agency's ability to evaluate connections among filings and parties, these capabilities contribute to better oversight and stronger operational controls.

Strengthening patent rights and increasing market confidence

In FY 2026, the USPTO enacted several enhancements of PTAB processes to support strong and lasting patents, detect and mitigate fraud, and encourage early AIA challenges to strengthen patent rights and increase market confidence. In the precedential decision *Magnolia Medical Technologies, Inc. v. Kurin, Inc.* (No. IPR2026-00097), the Under Secretary set forth a rubric for how the agency applies discretionary considerations in deciding whether to commit PTAB resources to an AIA trial. This rubric more closely aligns the PTAB's operations with congressional intent. Some of the agency's discretionary considerations include whether (1) the AIA review would be a true alternative to district court litigation, (2) the AIA review would be used to harass a patent owner, and (3) the AIA review would advance public interest, such as by addressing agency errors during examination or advancing American manufacturing.

As innovation is a key driver of U.S. economic competitiveness and national security, the USPTO must know who, exactly, is filing AIA challenges. The AIA provides that an inter partes review (IPR) or post-grant review petition "may be considered only if … the petition identifies all real parties in interest." The PTAB precedent, which developed over time,

concluded that no RPI analysis is necessary before institution of a trial, absent some allegation of a time bar or estoppel based on an unnamed RPI.[2] However, determining RPIs ensures that the agency correctly applies estoppel provisions and accurately manages conflicts of interest. To that end, the Under Secretary designated the *Corning Optical Communications RF, LLC v. PPC Broadband, Inc.* (No. IPR2014-00440) decision as precedential. This decision requires a petitioner in an AIA trial to identify all RPIs in the petition before the agency institutes a trial.

The Under Secretary continued to build on the *Corning* precedent by holding in *Tianma Microelectronics Co. v. LG Display Co.* (No. IPR2025-01579) that a foreign government—just like the U.S. government—is not permitted to be a petitioner or an RPI in an AIA challenge. The *Tianma* decision further explains that the agency expects each petitioner and patent owner to identify, as part of their mandatory notices, any parent corporation, entity, or person that owns 10% or more of a petitioner's or patent owner's stock, shares, or membership interests, similar to district court and appellate court procedures.

The Under Secretary also issued informative decisions in *Yangtze Memory Technologies Co. v. Micron Technology, Inc.* (No. IPR2025-00098) and *Curium US LLC v. Universität Heidelberg* (No. IPR2025-01582). In the *Yangtze* decision, the Under Secretary explained that once a patent owner disputes a petitioner's identification of all RPIs, the petitioner must provide evidence or argument sufficient for the USPTO to determine whether the petition identifies all RPIs. If that evidence or argument is lacking, then the petitioner has not carried its burden. In the *Curium* decision, the Under Secretary applied the precedent set forth in the *Corning Optical* decision and accorded the IPR petition a new filing date after the petitioner updated its RPI identification, as the petition was not time-barred.

After the USPTO centralized all institution decisions on October 17, 2025, petitioners filed more than 440 petitions through the end of FY 2026, and the Under Secretary applied the *Magnolia* rubric in making over 660 decisions on discretion (including more than 40 cases with written opinions). During the same period, the Under Secretary issued more than 290 decisions on the merits (including more than five written opinions) and over 330 decisions on Director review (including more than 60 written opinions).

The USPTO also set goals of achieving, absent good cause, (1) a 10-month maximum undecided appeal pendency by March 31, 2026, which it met, and (2) a 9-month maximum undecided appeal pendency by September 30, 2026, which it met one month early. In pursuit of these goals, 4,829 appeals were decided by the PTAB, compared to the 3,684 appeals filed, resulting in an inventory of 1,977 undecided appeals at the end of FY 2026, down from 3,125 in FY 2025.



PLEASANT ROWLAND

U.S. TRADEMARK REGISTRATION NO. 2,200,654

Ignoring conventional wisdom on toys, educator Pleasant Rowland saw a market for tweens and created American Girl, a beloved $300 million company. With more than 160 million books sold since 1986, the characters Rowland created continue to help children explore American history using stories about 9-year-old girls growing up during challenging times.



2 *The time bar refers to the AIA provision that provides, in relevant part, that an IPR may not be instituted if the petition is filed more than one year after the date on which the petitioner or RPI is served with a complaint alleging infringement of the patent. See 35 U.S.C. 315(b). Estoppel refers to the AIA provisions that prevent a petitioner or RPI from requesting or maintaining a proceeding at the USPTO or invalidity assertion in the courts with respect to a challenged claim that results in an IPR or post-grant review final written decision on any ground that the petitioner raised, or reasonably could have raised, in the IPR or PGR. See 35 U.S.C. 315(e), 325(e).*



USPTO Trademark mascot T. Markey visits the Great American State Fair. (Photo by Jay Premack/USPTO)

Trademarks: *America's Branding Agency*

In FY 2026, the USPTO continued to advance its mission through registering trademarks that are born clear, born timely, and born to last. Registered trademarks promote innovation within the U.S. economy by helping owners protect their brands, supporting consumers' ability to recognize brands, and ensuring consistent quality in trademark examination. In FY 2026, the USPTO received 904,483 trademark application classes for registration, 80,291 more than in FY 2025. This number exceeded the fiscal year target and historical pre-pandemic trends, due mainly to a domestic filing surge among pro se applicants.

Time to market

The USPTO sets pendency goals to meet stakeholder timeliness expectations by balancing examination efficiency, workload, and available resources. First action pendency is the time from when the agency receives a trademark application to when it makes its first decision on the filing. Total pendency measures the average time from the date of filing to a notice of abandonment, notice of allowance, or registration. The Trademark Inventory Management Index (TIMI) shows whether the unexamined inventory of new applications is growing or shrinking by comparing first action output with new application filings. Positive values indicate inventory reduction, and negative values indicate inventory growth.

The Trademark Inventory Management Index was **43,003**, higher than the FY 2026 target of **30,000**.

Trademark first action pendency was **4.1** months and total pendency was **9.5** months, exceeding the FY 2026 targets of **5.0** and **11.0** months, respectively.

In FY 2026, the USPTO experienced a filing surge of 904,483 trademark classes, comparable to the high point of trademark filings in FY 2021. Despite a 9.7% increase over FY 2025, the unexamined trademark application inventory decreased to 305,978 classes, a drop of 40,400 classes or 11.7% from FY 2025. As a result, first action pendency and total pendency decreased to 4.1 and 9.5 months, respectively, exceeding the FY 2026 targets of 5.0 and 11.0 months. The TIMI was 43,003, higher than the FY 2026 target of 30,000. The USPTO expects trademark pendency to continue declining over the



Installation of the Trademark Trail sidewalk exhibit at the USPTO. (Photo by Jay Premack/USPTO)

next few years, with a long-term goal of reducing average first action pendency to 4.0 months and average total pendency to 9.0 months. Similarly, as the trademark examining corps grows long term, the TIMI should approach zero as examiner output aligns with incoming workloads.

The USPTO achieved this pendency reduction to improve time to market as a direct result of multiple measures, including hiring 53 examining attorneys and extending first action incentive awards. Eligible examining attorneys received quarterly production bonuses and were able to work the maximum allowable overtime.

In addition, the USPTO implemented process improvements and efficiencies, particularly in trademark services, to support progress toward long-term goals. For example, the agency implemented an automated processing tool to address the Statement of Use (SOU) backlog. Previously, paralegals in the intent-to-use unit manually processed all SOUs. In FY 2026, incoming SOUs began outpacing the intent-to-use's output. With help from the new automated processing tool, intent-to-use staff reduced unassigned SOU pendency by 143 days. At the end of FY 2026, the tool had handled 78,884 SOU cases.

The USPTO also deployed the Trademark Classification Agentic Codification Tool (Class ACT), an SI tool that assigns design search codes and pseudo marks, as well as international classes where none are provided, in newly filed applications. Historically, pre-examination specialists manually added these elements to make applications easier to search. Now, SI provides this information immediately, reducing data entry time from five months to five seconds. Class ACT ensures that applications are prepared for substantive examination much more quickly, and that helpful mark data is almost immediately available for searching.

Further, an informational webpage about the Madrid Protocol was developed to reduce manual work and make transformation processing easier. When an owner cancels an international registration and requests a transformation to a national application, the new process allows the agency to generate an application number and add the data required for examination. The agency then sends the case through the pre-examination process for data verification before assigning it to an examining attorney. Previously, staff in several different units were required to coordinate in creating the case number and associated data.

> **"These rights and protections we provide enable entrepreneurs to compete and investors to believe."**
>
> *Director John A. Squires in his keynote remarks delivered at the 2026 International Trademark Association annual meeting.*

Trademark quality

The USPTO remained committed to improving time to market while maintaining high compliance trademark quality metrics, exceeding all FY 2026 targets. The first office action compliance rate was 97.1%, compared to the target of 95.5%, and the final office action compliance rate was 98.6%, compared to the target of 97.0%.

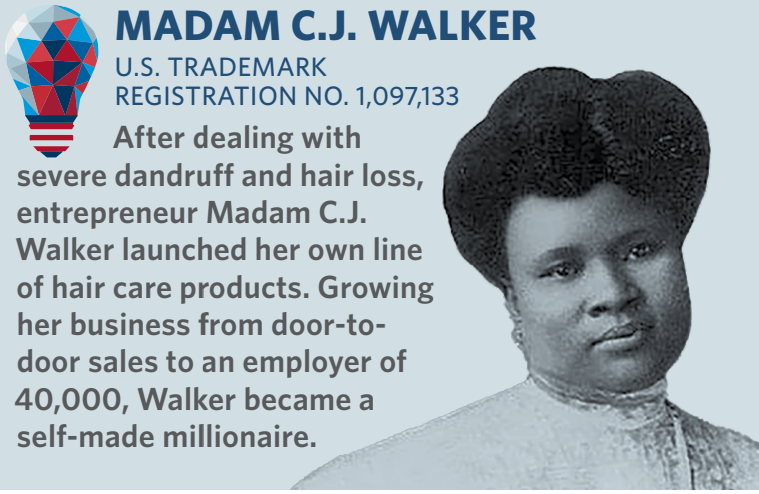
The agency supported quality measures through updates to the Trademark Manual of Examining Procedure in November 2025 and May 2026. These updates reflected new precedential decisions and clarified existing procedures in several areas, including no-call examiner's amendments, color drawings without a color claim in Section 44 applications, phonetic equivalents, and oppositions filed on paper. Clearer guidance helps examining attorneys make correct decisions and maintain work quality.

In addition, the USPTO revised the Identification Manual to reflect the Nice Classification System.

Trademark compliance rates for first and final office actions were **97.1%** and **98.6%** at year end, compared with the targets of **95.5%** and **97.0%**, respectively.

The World Intellectual Property Organization (WIPO) Nice Committee of Experts approved 50 of the USPTO's proposed classification additions at its annual meeting in Geneva, Switzerland. These proposals were based on emerging technologies, new goods identified through the TMIDSuggest mailbox, and classification inconsistencies. Using approved identification language helps improve application quality and examination efficiency.

The agency updated the Trademark Design Search Code Manual to add a new category—Category 30—for sound and motion marks. This change improves quality by allowing applicants to conduct more precise searches for these nontraditional marks in the USPTO database, rather than relying solely on keyword searches in the mark description field.



Detecting and mitigating fraud and abusive practices in the trademark system

In FY 2026, the USPTO made significant progress toward protecting the integrity of the Trademark Register and combating fraud. By September 30, 2026, the agency had issued 18 administrative orders and sanctions, resulting in the removal of 7,345 invalid application and registration records during the fiscal year.

The USPTO also improved the administrative sanction order process by establishing new procedures for terminating reopened post-registration proceedings, creating consistency with the application termination framework. With accelerated enforcement, the Register Protection Office (RPO) targeted fraudulent actors such as Axact, a foreign filing mill linked to the previously sanctioned Abtach criminal enterprise.

The agency strengthened its enforcement of the USPTO.gov account by developing new IT solutions to streamline account shutdowns. In FY 2026, the USPTO shut down 726 accounts that violated the account agreement, more than doubling the 329 accounts shut down in FY 2025.

In addition, provisions within the Trademark Modernization Act of 2020 have allowed the RPO to identify

and address fraudulent or inaccurate use claims, primarily through connections to specimen farm websites. In FY 2026, Trademarks hit a milestone by canceling more than 100,000 unused goods and services from trademark registrations through expungement and reexamination proceedings.

The USPTO also addressed fraud involving hijacked attorney credentials, where scammers list U.S. attorneys in trademark applications and registrations without the attorneys' knowledge or consent. To address this problem, the agency denied filing dates to applications filed with hijacked attorney credentials under authority 37 CFR 2.21, resulting in 1,732 misassigned applications.

The USPTO combated trademark scams by contacting domain name registrars to request the suspension of fraudulent domain names that impersonate the USPTO or misuse the agency's name. Customers reported approximately 1,218 domain names to the USPTO, of which 787 were suspended.

The USPTO deployed a case management system for compiling and tracking data related to scams. Built-in workflows allow the RPO to divert suspicious cases from the examination process into the appropriate register protection proceeding for review and potential removal from the Trademark Register. Register protection proceedings include administrative sanctions, nonuse cancellation proceedings, post-registration audits, and misassignments. In FY 2026, the agency quarantined trademark applications from the normal review workflow due to preliminary evidence of Trademark Rules of Practice (signatures, certifications, or representation) or USPTO.gov terms of use agreement violations. Quarantined applications remain suspended during administrative review to determine whether sufficient evidence exists to issue a show-cause order.

The USPTO also deployed two RPO batch processes in FY 2026: batch misassignment and batch public notes. The batch misassignment tool allows the RPO to deny the filing dates of applications filed with fraudulently appointed attorneys. The batch public notes tool allows the RPO to upload public notes to the Trademark Status and Document Retrieval and Trademark Examination (TM Exam) systems in multiple records at once. This tool reduced processing time from about two business days to less than 30 minutes.

The agency implemented a beta version of a USPTO.gov account monitoring tool that uses machine learning (ML) and SI to analyze trademark filing data. If the filing behavior does not match the account's permissions, the tool flags the account for RPO staff to review and take appropriate action.

In addition, the USPTO continued its outreach through social media campaigns during Cybersecurity Awareness Month and International Fraud Awareness Week to help customers avoid scams, fraud, and misinformation.

Transforming examination

In FY 2026, the USPTO modernized its trademark IT systems, accelerated cloud migration, and introduced a suite of SI and emerging technology initiatives to support faster, smarter, and SI-enabled operations.



MARTHA COSTON

U.S. PATENT NO. 115,935

When Martha Coston's husband died from chemical exposure in 1848, she had to find a way to provide for her family. While looking through her husband's notes, she found an incomplete idea for nighttime signal flares. Coston developed the technology and received a patent, and the use of her invention by the U.S. Navy saved lives during the Civil War.



COSTON'S MARINE SIGNALS

Percussion or Friction

The only signal recognized by the British Board of Trade in their report, and is used exclusively by the United States Government.

Distress Outfits for lifeboats in compliance with the rules and regulations of the Board of Steamboat Inspectors; friction or percussion.

Fog, Pilot and Distress Signals, all different steamship and yacht club distinguishing signals, friction or percussion, also regulation ship rockets and staves.

WATER LIGHTS

For Life Buoy, Embarkation or Deck Flares.

Distinguishing colors arranged and registered.

Send for our pamphlet entitled "Communication at Night on the Road at Sea."

Highest award, Gold Medal and Diploma, Jamestown Exposition, 1907.

Originators and largest manufacturers of marine night signals in the world.

COSTON SIGNAL CO., Inc.

7 Water St. New York

Entrance on Moore St. Telephone 3454 Broad

Deliveries made by Steam Lighters Day or Night



USPTO booth in the FIFA Fan Zone at the Great American State Fair. (Photo by Jay Premack/USPTO)

Trademark Center improved external customer experience (CX) and processing efficiency through new voluntary amendment options that allow users to update attorney and owner information, mark information, and other filing details. In addition, the tool now features SI assistance to help applicants draft properly formatted mark descriptions and color claims for their specific mark logo or design.

Additional technology enhancements included Trademark Image Search Technology, an SI-enabled tool that compares images before an applicant files a trademark application. This tool makes it easier to identify similar designs in the Trademark Register and represents a major step toward more intuitive trademarks. The tool processed 124,332 queries during FY 2026.

The USPTO transitioned to WIPO's Madrid e-Filing system to streamline the filing and examination processes for U.S. office-of-origin filings, improve CX, and reduce the technical risks associated with legacy systems. The agency launched the product on July 31, 2026, and previous Trademark Electronic Application Submission International forms were available through the end of the fiscal year.

Scout LLM helps USPTO trademark employees work faster by summarizing information, analyzing data, researching topics, and drafting content. A select group of Trademarks users participated in Scout LLM beta testing and provided feedback before the USPTO expanded access to non-production employees in April 2026 and to all production employees, including all examining attorneys, in July 2026.

The USPTO deployed several other tools to support trademark examination operations during FY 2026. The TM Review Validation Checker uses automated checks to compare data fields on the TM Review page and flag potential inconsistencies for further review without making legal determinations. This tool helps identify issues that can be addressed early in examination, minimizing exception processing inefficiencies and delays.

The USPTO also adopted outage banners to alert internal system users when pertinent TM Exam systems are unavailable. Because TM Exam relies upon multiple external systems for transactions, document access, and uploads, outages can cause locked cases, processing errors, and lost work. The banner system improves communication, reduces service desk burden, and limits delays.

Finally, the agency continued its cloud migration of trademark systems identified as cloud appropriate. For example, the Trademark Examination Support Center offers streamlined processing



Students from Rutgers University spent the day at the USPTO and got to see a century-old handwritten log of registered trademarks. (Photo by Jay Premack/USPTO)

timelines and a more user-friendly interface for the intent-to-use and Examination Support Unit. It will replace the First Actions System for Trademarks 2, which was available through the end of the fiscal year.

Strengthening the Trademark Register

During FY 2026, the USPTO advanced a set of targeted TTAB enhancements focused on improving transparency, consistency, and operational efficiency to strengthen trademark rights for brand owners.

The agency continued progressing through the phased rollout of the TTAB's modernized filing system, TTAB Center, which will replace the legacy Electronic System for Trademark Trial and Appeals. TTAB Center will ultimately become a one-stop resource for TTAB filers involved in inter partes proceedings and provide security upgrades for TTAB cases.

Building on the success of previous enhancements, TTAB Center now includes the Petition to Cancel form and many more filing functions, with more features to come as they are developed and tested. Filers may now use TTAB Center to file trial testimony, evidence, and briefs; respond to motions and board orders; submit replies in support of motions; file a motion to add or replace a party to a proceeding; enter an attorney appearance; appoint or withdraw an attorney; and update correspondence information.

The USPTO also advanced its commitment to strengthening the register and trademark rights by issuing its first precedential decision in a reexamination proceeding, created by the Trademark Modernization Act of 2020. *In re Everwise Credit Union* (Reexam. No. 2023-100533R) affirmed the cancellation of a registration under Trademark Act section 16B because the registrant failed to demonstrate bona fide use of its mark in commerce by the required deadline. The decision provides stakeholders with guidance on the statutory requirement for bona fide use of a mark in commerce, enhances the reliability and accuracy of the Trademark Register, and bolsters public confidence in the USPTO's administration of trademark rights.

Additionally, the TTAB established a TTAB SI Working Group composed of subject matter experts from across the TTAB's branches to identify, evaluate, and pilot new tools that drive efficiency

through the responsible integration of SI. The TTAB aims to use this effort to enhance decision-making, case processing, and the overall reliability of the Trademark Register.

Collectively, these priorities support the USPTO's mission by improving the transparency, consistency, and efficiency of TTAB decision-making; strengthening confidence in trademark rights; and promoting the reliable administration of the Trademark Register.

Advancing IP policy, protection, and enforcement

Combating IP theft and misappropriation

The scope of counterfeited and pirated goods seeking entry into the U.S. market is significant and growing. The USPTO is collaborating across the government and the private sector, both domestically and internationally, to address counterfeiting. As part of these efforts, the agency continues to work closely with the Organization for Economic Co-operation and Development (OECD) on writing the Draft Voluntary Guidelines for Countering Illicit Trade in Counterfeit Goods on Online Marketplaces. The next phase of the project will launch at the end of calendar year 2026. The USPTO remains committed to supporting OECD efforts through constructive engagement that ensures U.S. stakeholders' insights and experiences are incorporated into the final draft.

Several USPTO IP attaché offices (discussed further in the Commanding respect for IP abroad section of this report) held anti-piracy and anti-counterfeiting workshops throughout the fiscal year that brought concrete results. For example, the IP attaché in Brazil worked with a consumer protection agency in Rio de Janeiro to plan IP enforcement activities, which resulted in the agency conducting high-profile raids on local marketplaces for the first time, including an operation that seized over 11 tons of counterfeit goods. Additionally, the IP attaché in Brazil co-hosted a Digital Rights Working Group and supported a regional anti-piracy initiative with the Department of Justice, which resulted in the blocking of 844 websites and the arrest of 10 accused infringers. Attachés conducted a similar series of anti-piracy and anti-counterfeiting workshops in Peru in FY 2026.

Enabling U.S. stakeholders to protect and enforce IP rights

In FY 2026, the USPTO expanded its NIL outreach and education efforts to help student-athletes, influencers, entertainers, and other stakeholders better understand how federal trademark registration can support and protect personal brands. The growth of NIL deals has created new opportunities for entrepreneurship by allowing individuals to monetize their personal identities. The USPTO's messaging emphasizes how trademark protection can help individuals safeguard the commercial value of their NIL and build long-term brand recognition.

> **"We're here to help you protect yourself and your name, image, and likeness, and brand."**
>
> *Director John A. Squires during the USPTO Hour, Authenticity: The Name of the Game, live from the 2026 NFL Draft® in Pittsburgh, Pennsylvania, which featured a panel discussion with current and former athletes.*

The USPTO hosted several NIL-focused events highlighting the importance of IP and trademark registration during FY 2026. At the 2026 NFL Draft® in Pittsburgh, Pennsylvania, the Under Secretary hosted a special USPTO Hour webinar featuring a panel of experts who discussed trademark protection, branding, and authenticity in the SI era. The panel encouraged athletes to build and protect their personal brands through trademark registration and to plan for life after professional sports.

To further support these efforts, the USPTO published an NIL FAQ, toolkit, and webpage that provide guidance on protecting NIL rights. The agency also released four informational videos for

NIL stakeholders on its webpage and social media platforms, including Facebook and YouTube. The USPTO produced two videos for influencers and two videos for student-athletes and their parents. These videos explain, in simple terms, the commercial value of NIL and why federal trademark registration protection is important.

The USPTO continued working to provide U.S. IP stakeholders doing business in foreign markets with substantive, up-to-date information on IP rights. In May 2026, the agency published the India IPR Toolkit, a companion guide to the previously published China IPR Toolkit. The agency provided additional guidance on the China market with the February 2026 publication of Navigating the IP Legal Landscape in China. The USPTO also conducted several webinars and public events that informed U.S. rights holders about developments in IP protection and enforcement abroad, particularly in China. These events included webinars on the latest developments in IP case law and legislation in China and accelerated patent examination processes, a USPTO Hour that featured interviews with several IP attachés, and an in-person China IP Road Show in Alexandria, Virginia.

Commanding respect for IP at home

In June 2026, the USPTO launched the Standards Participation and Representation Kudos (SPARK) pilot program with the goal of encouraging eligible U.S. subject matter experts, universities, and nonprofits to robustly and meaningfully participate in standards development organizations and gain a faster path to patent issuance or PTAB resolution. American leadership in standards development is essential to innovation and global competitiveness, and the SPARK pilot program recognizes the critical expertise and innovative thinking this market segment brings to the table.

As part of its effort to drive discussions about key IP policy issues, the USPTO held an international roundtable on SI, industrial designs, and inventorship in

NIL Videos for Influencers

NIL Videos for Student-Athletes

October 2025. This public program brought together subject matter experts on SI and industrial designs from the USPTO and the private sector, who analyzed the inventorship and creatorship of designs in various jurisdictions and the feasibility of a different inventorship or creatorship standard for designs.

Throughout FY 2026, the USPTO continued to deliver free in-person and virtual events that connected inventors and innovators with tools and resources to secure IP protections. The agency conducted recurring webinar series, including Path to a Patent; special programs like A Toy's Journey and Alexander Graham Bell's Telephone Patent; and one-time virtual seminars such as Licensing your IP and The importance of trademark protection. These creative outreach programs educated independent inventors, entrepreneurs, and small businesses on IP basics, patent searching, commercialization, licensing, and the importance of protecting innovation as a driver of business and economic growth.

The USPTO supported America 250 outreach through a series of commemorative programs and public-facing engagement efforts celebrating 250 years of American discovery, creativity, and enterprise. The agency launched its outreach webpage, which honors the past, celebrates American ingenuity, and inspires future innovators. The USPTO developed a commemorative trademark registration certificate and patent cover and held a patent and

trademark signing ceremony to mark America's 250th birthday. The agency released the feature documentary Life, Liberty, and the Pursuit of Innovation; hosted exhibits and activities at USPTO headquarters to highlight the role of patents and trademarks in shaping American life; and introduced a new America 250 Commemorative Set of innovator trading cards. Finally, the USPTO engaged the public through creative and thematic outreach tied to America 250. These efforts included an America 250 themed USPTO Hour, a Trademark Trail at USPTO headquarters, a webinar on American innovation, themed trademark suggestions for major campaigns including the Olympic Winter Games and the Super Bowl, commemorative messaging for Indiana University's football championship, and a virtual event on 250 years of American innovation. The latter event commemorated the 236th anniversary of the first U.S. patent, granted in 1790 for an improved process for making potash.

> **"There is nothing like it. American ingenuity has propelled a nation, changed the world, saved the world, and we, as a result, unquestionably lead the world."**
>
> *Director John A. Squires in remarks at the America 250 patent and trademark signing ceremony.*

Around Independence Day, the USPTO celebrated America's 250th birthday with events at USPTO headquarters and other agency campuses across the country. The flagship celebration featured remarks by the Under Secretary, an appearance by the City of Alexandria's Town Crier, a presentation by the U.S. Army Color Guard, and performances by the U.S. Army Old Guard Fife and Drum Corps and the USPTO Patenteers Chorus, creating an authentic historical atmosphere.

The USPTO also participated in the America Innovates Pavilion at the Great American State Fair on the National Mall in Washington, D.C., where interactive exhibits, documentary screenings, and on-site staff showcased how patents and trademarks have driven U.S. innovation, economic growth, and everyday life.

POTASH PATENT

U.S. PATENT NO. 1X


X000001
July 31, 1790

On July 31, 1790, the first patent was granted to Samuel Hopkins for improvements in "the making of pot ash and pearl ash." Potash was used as a fertilizer, a detergent for textile manufacturing, and an ingredient in soap, while the more refined pearl ash was used in glassmaking and baking. The patent was signed by President Washington.

Commanding respect for IP abroad

The USPTO assisted the Office of the United States Trade Representative (USTR) in preparing its annual review of global developments in trade and IP: the Special 301 Report. This report identifies U.S. trading partners whose laws, policies, and practices inadequately protect and enforce IP and highlights areas in which U.S. persons and entities who rely on IP protection have struggled to attain fair and equitable market access. Likewise, the USPTO provided the USTR with substantive information to compile its annual Notorious Markets List, which highlights prominent online and physical marketplaces that reportedly engage in and facilitate substantial copyright piracy and trademark counterfeiting.

The USPTO's network of IP attachés and IP specialists operates at 14 posts worldwide, supporting U.S. IP interests and assisting U.S. rights holders doing business in global markets. In FY 2026, IP attachés assisted more than 3,650 U.S. inventors and businesses, including many



USPTO Director John A. Squires (right) attends a World Intellectual Property Day event in Washington, D.C., along with Senator Adam Schiff (left) and Senator Thom Tillis (center). This year's World IP Day theme was "IP & Sports: Ready, Set, Innovate." (Photo by Jay Premack/USPTO)

small and medium-sized enterprises and first-time or new-to-market exporters.

The IP attachés also continued their in-person domestic outreach in FY 2026, conducting a series of consultations and briefings in Alexandria, Virginia, and Washington, D.C., for USPTO and other U.S. government officials and stakeholders. These meetings provided the attachés an opportunity to discuss their activities in the areas of overseas training, awareness, and advocacy; report on the progress of IP enforcement in their respective regions; and meet with stakeholders to discuss and exchange views on international IP matters and ways to collaborate.

In April 2026, the USPTO joined the American Intellectual Property Law Association and the U.S. Copyright Office to host a World Intellectual Property Day event on Capitol Hill. The Under Secretary and Acting Commissioner for Trademarks gave remarks at this event, which brought together leaders from Congress, government, industry, and the IP community. The USPTO's worldwide IP attachés also joined local communities to observe World IP Day by participating in panel discussions, embassy and trade association events, and other celebrations. The theme of the 2026 World IP Day was "IP and Sports: Ready, Set, Innovate," highlighting the critical role of IP rights in supporting innovation in the sports industry.

> **"You are our ears, our eyes, and our boots on the ground throughout the world, helping ensure that American innovation is respected and protected abroad."**
>
> *Director John A. Squires in remarks during IP attaché consultations.*

As part of its efforts to promote best practices in foreign IP offices, the USPTO's Global Intellectual Property Academy (GIPA) conducts training programs for foreign IP officials, including patent examiners and trademark examining attorneys. In FY 2026, the USPTO trained more than 3,500 foreign officials responsible for the examination, protection, and enforcement of IP.

The USPTO also continued publishing its IP Policy and International Affairs Bulletin series, with individual issues devoted to topics including cultural heritage and its impacts on global IP systems, generative AI's role in design patents, modernization of WIPO's Madrid System, and a report on the 2025 WIPO General Assembly meetings.



ROBERT FULTON

U.S. PATENT NO. 995X

It took Robert Fulton almost 15 years to design a successful steamboat. One of his earlier ships even broke in half and sank. In 1807, his first successful ship, the Clermont, made its inaugural trip from New York City to Albany and back in 62 hours. This was much quicker than the other ways of transport at the time, and people were willing to pay for speed.

Customer engagement infrastructure

In response to the UAIA, the USPTO expanded and reimagined its engagement footprint through a community engagement office model designed to provide more immersive, locally tailored engagement. The agency establishes community engagement offices in partnership with universities and other local institutions to support innovation ecosystems, connect inventors and entrepreneurs with USPTO resources early in the application process, and increase access to outreach and education for underserved communities, including individual inventors, small businesses, veterans, low-income populations, students, rural communities, and other underrepresented groups. These offices, which serve as an extension of the USPTO's outreach operations, foster innovation, investment, and entrepreneurship supported by IP.

The USPTO's regional and community engagement offices develop strong virtual and in-person relationships based on matters of innovation and IP protection. During FY 2026, staff at these offices participated in more than 500 events and engaged in over 900 stakeholder meetings covering post-secondary educational institutions, nonprofit organizations, private sector businesses, and other federal agencies.

During FY 2026, the USPTO signed agreements for six additional community engagement offices in Utah, Montana, Georgia, Alabama, North Carolina, and Florida, bringing the total number to seven and exceeding UAIA requirements to establish at least four offices nationwide by 2027. This updated model also supported the closure of an underused regional office in Denver, Colorado (as discussed in the Workplace enhancement and space optimization section of this report) while ensuring continuity of services to stakeholders in the region. These offices provide a more flexible and cost-effective way to engage inventors, entrepreneurs, small businesses, and other agency stakeholders.

During FY 2026, the USPTO also opened its Emerging Technologies Office (ETO) in San Francisco, California, as part of the agency's efforts to advance the use of SI and engage with the SI industry. The ETO supports the Administration goals detailed in Winning the Race: America's AI Action Plan, which accompanied the Executive Order on Removing Barriers to American Leadership in AI. The ETO supports these goals by serving as a

> In remarks on the U.S. Chamber of Commerce International IP Index Director John A. Squires emphasized that ***"Every application we intake—trademark or patent—it matters not—represents an innovator bringing a new concept into the economic system, into the real economy, into the real world. This is the conversion of human ingenuity into a definable, translatable, economic asset class, and it's remarkable."***



Table topic discussions with users at Trademark 5 (TM5) hosted by the USPTO at GIPA. (Photo by Jay Premack/USPTO)

hub for SI stakeholders, encouraging SI companies to do business with the government, and helping U.S. companies export SI to other countries.

The USPTO's Patent and Trademark Resource Center (PTRC) program provides the public with free patent and trademark assistance through a network of academic, public, and state libraries. The agency trains PTRC librarians to help local inventors and entrepreneurs effectively use patent and trademark search tools, as well as a wide range of related resources. Many PTRCs also host other public programming such as workshops. Similarly, PTRCs often work with university offices to support students, faculty, and researchers.

By assisting local innovators, PTRCs help grow entrepreneurship and businesses in their communities and support economic growth in the United States. During FY 2026, three libraries joined the PTRC program; in total, 104 PTRCs now operate in 49 states, Puerto Rico, and the U.S. Virgin Islands.

Engagement with international partners

The protection and enforcement of IP abroad are ongoing concerns for U.S. rights holders and represent important aspects of the USPTO's work. In FY 2026, the USPTO represented the United States and the interests of U.S. rights holders in various international organizations, including the WIPO, World Trade Organization, IP5, TM5, ID5, the International Union for the Protection of New Varieties of Plants, the Association of Southeast Asian Nations, and the Asia-Pacific Economic Cooperation and its Intellectual Property Rights Experts Group, among others, to ensure U.S. rights holders' concerns were heard and addressed.

> **"The onrush of technology has never even heard of the word 'wait.' Innovation only knows now."**
>
> *Director John A. Squires in remarks during the 2026 WIPO Member State Assemblies*

In October 2025, the USPTO hosted the annual meetings of the Trilateral Co-operation, ID5, and TM5 in Alexandria, Virginia. In May 2026, the agency also participated in the annual meeting of the IP5 in Tokyo, Japan. The heads of the world's largest IP offices gathered at these multilateral meetings, which focused on continued alignment of practices and procedures in the areas of industrial designs, trademarks, and patents, and included sessions with industry groups.

At their October 2025 meeting, the Trilateral Patent Offices—the USPTO, European Patent Office, and Japan Patent Office—discussed adopting SI tools

in patent operations to eliminate inefficiencies, improve quality, and enhance patent examination. As a key deliverable from this meeting, the three offices established a Trilateral Working Group, which focuses on SI policies and tools relevant to patent operations. The working group is developing an SI vision statement, analyzing IT tools adopted by the offices, and curating definitions for various SI categories, to be shared at a high-level meeting of the Trilateral Patent Offices in 2027.

At the ID5 annual meeting and user session held October 23–24, 2025, the five partner offices—representing the world's five largest industrial design administration offices (the USPTO, China National IP Administration, European Union IP Office, Japan Patent Office, and South Korea's Ministry of Intellectual Property)—concluded significant studies on assessing design novelty and the requirements and practices related to patent and registration markings for protected designs. The offices agreed to finalize additional stakeholder tools during the next year, including user guides related to digital designs and Hague applications. They also agreed to further develop the ID5 e-learning platform by adding content on novelty analysis across each office.

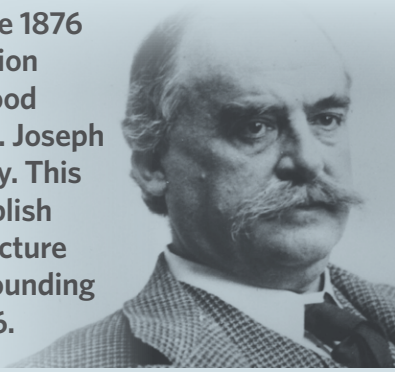
At the TM5 annual meeting held October 27–29, 2025, in Alexandria, Virginia, the same offices discussed trademark examination, harmonization of trademark laws, and emerging challenges facing trademark offices worldwide. A highlight of the meeting was a full day dedicated to user engagement. Representatives from partner offices participated in small-group breakout discussions on topics including SI in trademark prosecution and examination and registering names and portraits as trademarks. These sessions underscored the importance of stakeholder input in shaping the future of global trademark systems. As an outcome of this meeting, and under the USPTO's leadership, the TM5 partners agreed to convene a special session to discuss SI tools and share updates on SI initiatives.

In June 2026, the USPTO participated in the annual meeting of the IP5 in Tokyo, Japan. The five offices

ROBERT WOOD JOHNSON

U.S. TRADEMARK REGISTRATION NO. 568,161

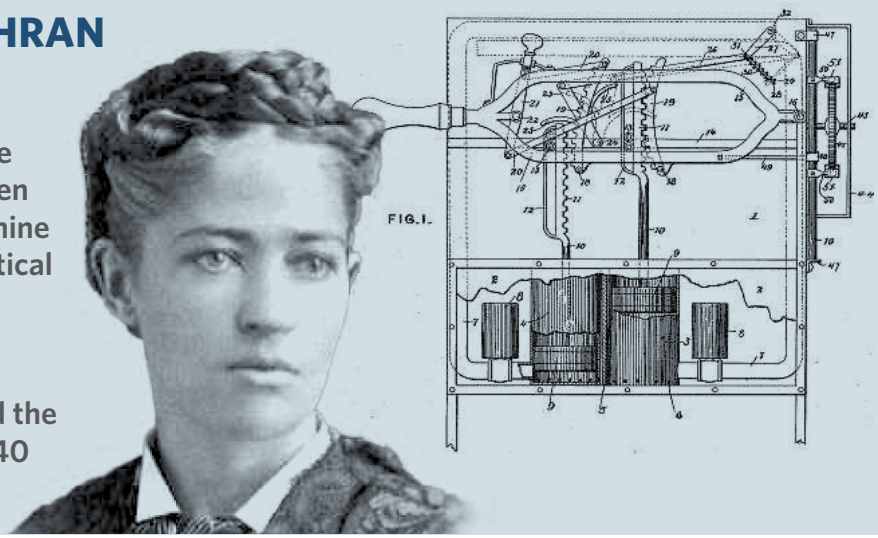
While attending the 1876 Centennial Exposition in Philadelphia, Robert Wood Johnson heard a talk by Dr. Joseph Lister on antiseptic surgery. This event spurred him to establish a new company to manufacture sterile surgical supplies, founding Johnson & Johnson in 1886.



JOSEPHINE COCHRAN

U.S. PATENT NO. 355,139

With an interest in engineering and a dislike of how handwashing dishes often led to chipped dishware, Josephine Cochran invented the first practical dishwashing machine. Initially sold primarily to businesses, her dishwasher relied on water pressure and used racks to hold the dishes in place and could dry 240 dishes in two minutes.





USPTO Director John A. Squires and the Registrar-General of Ghana, Grace Issahaque, sign a statement of intent for a new Accelerated Patent Grant arrangement between the two offices. (Photo by Grace Ramdat/USPTO)

underscored a shared commitment to leverage SI to enhance the efficiency, quality, and predictability of patent systems. The USPTO demonstrated sustained leadership by spearheading the revision and endorsement of a new IP5 vision statement, co-leading the development of a pathway toward streamlining assignment practices across jurisdictions, and co-leading the reassessment of the IP5 New Emerging Technologies and Artificial Intelligence Roadmap to guide future collaboration.

In July 2026, the Under Secretary delivered opening remarks for the United States at the 69th Assemblies of the Member States of WIPO and advanced cooperation by participating in more than 20 bilateral meetings with key IP offices on the margins of the assemblies.

> **"The PPH demonstrates what is possible when offices work together with a shared commitment to quality, efficiency, and service to applicants."**
>
> *Director John A. Squires in remarks to the IP5 PPH 20th Anniversary Forum*

The USPTO met its target in achieving a percentage of prioritized countries (Brazil, China, and India) for which IP country teams have made progress on at least three of the four performance criteria. The USPTO made progress on 86% of action steps for Brazil, 75% for China, and 81% for India. Table 2 highlights these results.

The USPTO has developed several patent work-sharing arrangements with other IP offices, including the Patent Prosecution Highway (PPH), the Parallel Patent Grant, and the Accelerated Patent Grant (APG). In FY 2026, the USPTO continued to participate in the Global PPH and IP5 PPH programs with 28 partner jurisdictions, of which six set enhanced acceleration targets under the PPH eXtra initiative.

TABLE 2: KEY IP COUNTRY TEAM METRICS RESULTS

For FY 2026, the USPTO met the IP country team key performance indicator targets	Brazil	China	India	Target
Percent of action steps made in the country-specific action plan toward progress in the following areas: i. Institutional improvements of IP office administration for advancing IP rights ii. Institutional improvements of IP enforcement entities iii. Improvements in IP laws and regulations iv. Establishment of government-to-government cooperative mechanisms	86%	75%	81%	75%
Percent of prioritized countries that have implemented at least 75% of action steps	100% of prioritized countries			66% of prioritized countries

Another 11 PPH agreements continued to operate bilaterally with partner offices.

The PPH, launched by the USPTO and the Japan Patent Office, marked its 20th anniversary in FY 2026. In recognition of this milestone, the Japan Patent Office hosted the PPH 20th Anniversary Forum, Tracing the Path and Envisioning the Future of PPH, during the IP5 annual meeting. The PPH has grown from a bilateral pilot effort into a widely used global framework that helps patent offices leverage examination results, accelerate prosecution, and maintain quality standards to support U.S. applicants seeking protection for their innovations around the world.

In July 2026, the USPTO signed a statement of intent with the IP office of Ghana, which provides APG procedures that will benefit holders of U.S. patents. In September 2026, the agency also signed an APG agreement with the IP office of Laos. The APG process allows for an eligible patent applicant who has been granted a U.S. patent by the USPTO to request that the partner IP office grant a patent on a corresponding patent application.

IP protection and trade agreements

In FY 2026, the USPTO supported the USTR as it negotiated and concluded trade agreements with Argentina, Bangladesh, Cambodia, Ecuador, El Salvador, Guatemala, Indonesia, Malaysia, and Taiwan. These agreements reflect an intention to enhance reciprocity in the bilateral trade relationships between the United States and these trading partners by addressing tariff and non-tariff barriers, including those related to IP protection and enforcement. The USPTO identified non-tariff barriers in each country's IP rights system and drafted language to address them.

In early 2026, Argentina repealed a series of restrictive patentability guidelines for biotechnology and pharmaceuticals, a major win for U.S. innovators in these sectors who seek to do business in Argentina. Since the guidelines were first adopted in 2012, the USPTO and its IP attaché office for the Mercosur region had advocated for their withdrawal. Their repeal was a key commitment Argentina made under the U.S.-Argentina Agreement on Reciprocal Trade and Investment, signed in February 2026.

Equipping the office to deliver

Customer experience

Since 2019, the OMB has designated the USPTO as a high-impact service provider (HISP) because the agency grants patents and registers trademarks. As a HISP, the USPTO has legislative responsibilities as outlined in the 2025 Government Service Delivery Improvement Act. These responsibilities include continuously measuring the CX of USPTO services and developing public action plans to improve the delivery of services to stakeholders. In FY 2026, the USPTO conducted nine ongoing surveys and gathered approximately 80,000 responses to measure CX. Approximately 87% of customers reported that they trusted the USPTO to grant patents and register trademarks in accordance with U.S. laws and regulations, far exceeding the target of 75%.

When asked about their satisfaction throughout the trademark registration process, including their experience filing an application in Trademark Center or navigating the website, 75% of respondents indicated positive satisfaction. In addition, 70% of patent customers indicated positive satisfaction with their experience seeking assistance when filing a patent application. Both programs met their targets of 70%.

Of the customers who received help from a trademark contact center employee, 76% found the employee to be helpful or very helpful, while 79% of patent customers indicated the employees they interacted with were helpful. While contact center scores dropped in the second quarter after changes to the multi-factor authentication (MFA) process, scores rebounded in the third quarter and exceeded the target of 75% for the remainder of FY 2026.



Vint Cerf, Google Chief Evangelist and "Father of the Internet," delivers closing remarks at the USPTO's celebration of the 150th anniversary of Alexander Graham Bell's telephone patent. (Photo by Jeff Isaacs / USPTO)

Additional surveys conducted during FY 2026 indicated that 84% of customers were satisfied with USPTO-hosted events. The overall net promoter ratio was 13:1, meaning 13 participants were likely to recommend the event to others for every one participant who was not. Most participants reported that the event was worth their time (76%), well organized (67%), and clearly presented (73%).

The USPTO also met a key commitment from its public action plan in 2026: to provide CX training to USPTO employees. Thirty-six staff members across 12 business units completed an eight-week certification course focused on diagnosing customer pain points and designing improvements to service delivery.

In July 2026, the USPTO unveiled a redesigned USPTO.gov homepage, making it easier for customers to find information and improving overall CX. The updated homepage features a cleaner, more intuitive layout that puts important information front and center, helping users more easily navigate the site and access USPTO services and resources. This modernized design is part of ongoing efforts to improve the federal digital services available to the public.

Examination capacity

In FY 2026, the USPTO demonstrated its unwavering commitment to delivering timely, high-quality IP protection by improving its examination capacity. Building on the successful FY 2025 hiring initiative that brought 1,100 patent examiners on board, the agency set an ambitious goal of hiring 900 new patent examiners during FY 2026. This expansion directly supported the agency's critical mission of conducting patent examination by reducing patent time to market, strengthening examination quality, and helping the U.S. maintain its position as the global leader in innovation protection.

By the end of FY 2026, the USPTO had onboarded 963 new patent examiners and 53 trademark examining attorneys, exceeding its hiring goal. The agency's examining corps totaled 9,165 patent examiners and 804 trademark examining attorneys, representing a 2.5% increase in examination capacity over the 9,728 total examiners available in FY 2025.

Recognizing that hiring velocity directly impacts examination capacity, the USPTO implemented comprehensive hiring process improvements throughout FY 2026. These enhancements ensured hiring remained focused on critical mission areas while boosting service delivery and the candidate experience. Over the course of FY 2026, the agency reduced the average timeline for all hires from 133 days to 116 days, resulting in an overall reduction of 17 days.

> **"We've not only refreshed the way our homepage looks and feels, but we've reimagined how our visitors navigate the valuable resources we offer."**
>
> *Director John A. Squires on the redesigned USPTO.gov homepage*

These improvements resulted from enhanced office coordination, which streamlined communication and reduced processing bottlenecks. The USPTO fully deployed electronic vetting capabilities to adjudicate cases that met automated criteria, significantly reducing processing timelines. The

implementation of electronic adjudication and preliminary determinations allowed the agency to streamline security clearance processes and achieve significant efficiency gains. Additionally, by leveraging technology platforms such as HireVue for video interviewing and self-scheduling, the USPTO reduced administrative burden and accelerated candidate engagement.

Building on FY 2025's successful USPTO Career Day initiative, the agency expanded its recruitment footprint in FY 2026 through strategic digital engagement and targeted outreach. The USPTO conducted a social media campaign promoting patent examiner vacancies that generated 172,000 impressions and 18,000 engagements, achieving a 10.18% engagement rate on LinkedIn. The agency also hosted several day in the life of a USPTO patent examiner webinars, as well as a JoinUSPTO Live series, to facilitate direct engagement with prospective candidates through interactive question-and-answer sessions.

Skills-based sourcing and directly messaging candidates via LinkedIn Recruiter and the USAJOBS Agency Talent Portal played a critical role in attracting top talent, maintaining candidates' interest, and expediting and enriching the hiring process. These technologies initiated contact with over 4,708 patent examiner candidates in FY 2026, earning the agency over 1,500 positive responses and nearly 300 disclosed applies. LinkedIn Recruiter response rates exceeded 36%, making the USPTO a leader among peer benchmarks.

In FY 2026, the USPTO implemented targeted recruitment strategies to ensure examiner hiring remained consistent with agency needs and Administration priorities. To identify specialized talent, the agency participated in 84 recruitment events in

GEORGE GILLESPIE

U.S. DESIGN PATENT NO. 37,236

Forty years after serving in the U.S. Army during the Civil War, George Gillespie led the effort to update the Medal of Honor's appearance and distinguish it from other military medals. His design is still used today for the country's highest honor for acts of valor in combat. Gillespie was a Medal of Honor recipient himself.





A new class of USPTO employees takes the oath of office, administered in the Clara Barton Auditorium by USPTO Director John A. Squires. (Photo by Jay Premack/USPTO)



The USPTO hosts an event for participants to learn about the patent examination process, the role of a patent examiner, and what it's like to have a rewarding career as a patent examiner at America's Innovation Agency. (Photo by Jay Premack/USPTO)

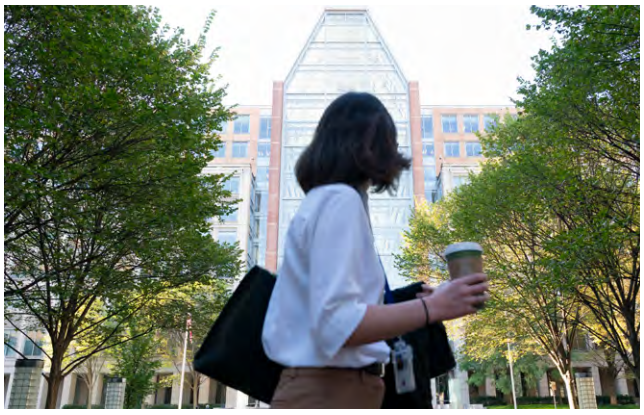
FY 2026, consisting of 30 agency-sponsored events, 40 in-person recruiting fairs at targeted universities, and 14 veteran-specific career fairs. The agency also leveraged social media and digital platforms to reach over 290,000 potential candidates, and established partnerships with 50 organizations including the Arlington Employment Center, the Alexandria Workforce Development Center, and Virginia Workforce Connection.

The USPTO used TalentNeuron, a global labor market and talent intelligence platform, to identify optimal recruitment opportunities across state and land-grant universities, religious colleges and universities, community colleges, American Legion chapters, 4-H youth programs, and military and veteran associations, as outlined in the Office of Personnel Management (OPM) Merit Hiring Plan. To further enhance the candidate experience, the agency continued to use the Candidate Care Team to ensure applicants experienced a positive recruitment journey. This dedicated support team investigated issues, answered questions, and ensured the timely completion of onboarding requirements, directly contributing to improved hiring timeline metrics.

To support the return to in-person work, the USPTO focused on creating a fully on-site training model for new patent examiners. With limited training space available at USPTO headquarters, the agency reconfigured space and audiovisual support to meet requirements for small-group collaboration and large lecture spaces. In FY 2026, the USPTO successfully prepared 963 seats for onboarding patent examiners through new Patent Training Academy classes. These cost-effective efforts to optimize space maximized the number of new employees the agency could train simultaneously. Additionally, this enhanced training model supported increased hiring volumes and condensed training timelines to improve patent time to market.

Workforce and talent management

In FY 2026, the USPTO reinforced its commitment to excellence by strengthening its performance-based culture that rewards getting work right and getting it out timely. This initiative aligned with OPM's government-wide emphasis on normalizing performance ratings and ensuring the ratings reflect meaningful distinctions between Outstanding and Fully Successful performance levels. The agency's holistic approach centers on four quarterly progress reviews per year. As part of these reviews, supervisors must meet with employees to provide feedback, encourage continuous learning, ensure accountability for results, and acknowledge valuable contributions.



The USPTO welcomes back 866 employees to the Alexandria campus as the last major phase of the agency's return to office plan for employees who live within 50 miles of campus. (Photo by Jay Premack/USPTO)

In spring 2026, the agency held mandatory performance management training. Approximately 1,000 supervisors attended the training, building on the 1,173 supervisors trained during FY 2025. This comprehensive training provided in-depth guidance on motivating employees and encouraging their professional growth while executing the USPTO's mission and goals. Leadership conducted frequent, meaningful performance conversations regardless of employee performance level, identifying opportunities for continued growth across all competency areas. These varied opportunities included enhancing problem-solving skills, identifying gaps in technical knowledge, and optimizing processes to save time and resources while maximizing efficiency. Following the training, the agency provided dedicated time for leadership to engage in question-and-answer sessions, enabling the immediate implementation of new practices.

The USPTO also continued its phased approach to transitioning to an electronic performance management system. The agency migrated 2,702 employee performance records to USA Performance (USAP) during the first two phases. To date, approximately 62% of USPTO's performance records are now in USAP, excluding patent examiners (who are not transitioning to USAP). The agency is positioned to expand USAP coverage to an additional 1,672 performance records effective FY 2027, completing the migration of all applicable performance records. USAP is a paperless system that significantly reduces processing time and enhances the user experience by streamlining administrative processes. It has improved documentation quality and accessibility and enabled real-time performance tracking and feedback. This transition exemplifies the USPTO's commitment to leveraging technology to improve operational efficiency and the employee experience.

In alignment with the Administration's Executive Order on Strengthening Probationary Periods in the Federal Service, the USPTO implemented thoughtful processes to evaluate positions and employees



Flag-raising ceremony celebrating America 250 at the USPTO in front of the Madison building. (Photo by Jay Premack/USPTO)

serving in a probationary capacity. The agency created specialized training to ensure managers have substantive conversations about the performance and conduct of probationary staff. This time-driven process ensured leadership continuously engaged with employees and communicated the expectations they must meet to be successful at the USPTO.

To optimize efficiency, the agency created a no-cost, automated system based on an existing tool that tracks probationary employees and their eligible review periods, identifies when employees are eligible for review, documents the approval process with senior political leadership as outlined in the Executive Order, and reduces the administrative burden on leadership while ensuring compliance. This use of automation demonstrates the USPTO's commitment to optimizing technology to streamline administrative processes.

The USPTO expanded its investment in early career talent through Pathways hiring and internship programs. These programs aligned with OPM's initiative to establish talent programs that address critical workforce needs. The agency developed two Pathways internship programs for current

college and law-school students, which provided over 60 participants with paid experiences and the opportunity to learn about IP, administrative law, and related subjects in summer 2026. The interns received a comprehensive orientation that built upon the best-in-class new employee orientation for patent examiners, including sessions on ethics and professional conduct, social media policies and digital citizenship, the receipt and management of work assignments, and compensation and benefits. Interns were also exposed to agency operations across multiple business units, gaining diverse perspectives on the USPTO's mission. This structured professional development opportunity, which included weekly cohort sessions, created a rich learning experience for early career talent.

The USPTO continued hosting Accepted Day in FY 2026. This exciting event provided incoming patent examiners the opportunity to hear agency leadership describe the USPTO's mission and culture, meet peers and begin building professional networks in an informal setting, learn about work and career development opportunities, and connect to the agency's mission before the employees' official start dates. The agency hosted 12 Accepted Day sessions throughout FY 2026, with more than 911 participants. This touchpoint in the onboarding process helped create a culture of connection and significantly improved new-hire retention.

The USPTO participates in OPM's Tech Force program to address technological skill gaps the agency must address to support its digital transformation initiatives. In FY 2026, the program enabled the agency to fill critical IT cybersecurity, data analyst, and project management positions. The USPTO successfully shortened the hiring cycle for these technical roles and provided competitive compensation packages aligned with industry standards for high-demand specialties. The Tech Force initiative positions the USPTO to attract and retain the technical talent necessary to maintain secure, modern IT systems that will support examination operations well into the future.

JULIETTE GORDON LOW

U.S. DESIGN PATENT NO. 45,234

Juliette Gordon Low founded the Girl Scouts of the USA and patented the organization's iconic trefoil badge in 1914. A three-leafed clover design adapted from the Boy Scouts' similar badge, Low's trefoil suggested a fundamental equality between girls and boys on the eve of women's suffrage and continues to signal girls' invaluable contributions to American life and culture.



The USPTO is dedicated to administering all human capital programs fairly and strictly based on merit. In FY 2026, the agency established the Quality Assurance and Accountability Division (QAAD) to ensure recruitment, hiring, and internal promotions align with the OPM Merit Hiring Plan and to enhance quality within personnel and hiring processes. The QAAD provides staff with policy, training, and guidance on candidate ranking, assessment, and selection methods. It also promotes certificate sharing under the Competitive Service Act and OPM Cross-Government Hiring Actions, the latter of which uses talent pools to reduce hiring timelines. The QAAD also conducts internal audits and reviews of human resources programs to ensure compliance with agency policies and federal regulations, and to proactively identify areas for improvement.

Employee engagement

The USPTO hosted its inaugural USPTO Day on May 14, 2026—a signature event celebrating the agency's workforce, mission, and culture. The event was

part of senior leadership's commitment to launching engagement opportunities that increase employees' connections with their colleagues and the agency's mission. Under Secretary Squires hosted the 2026 USPTO Day, which featured a keynote speech from former Under Secretary Andrei Iancu.

The day brought together over 4,000 employees from across the USPTO's headquarters and regional offices. These employees participated in mission-focused activities highlighting the impact of IP protection on American innovation, recognition ceremonies honoring outstanding employee contributions, and teambuilding exercises that strengthened cross-organizational collaboration.

In July 2026, senior leadership invited agency employees to the USPTO's America 250 flagship celebration at USPTO headquarters. Personnel enjoyed local food trucks and vendors and a variety of interactive activities, including selfie stations, a digital wish wall, museum tours, employee exhibits, and discussions with living historians impersonating George Washington and Thomas Jefferson.

The USPTO coordinated multiple wellness events throughout FY 2026 to promote physical and mental health across the workforce. Initiatives included wellness seminars, WorkLife4You sessions, and Employee Assistance Program webinars. In total, the agency held 65 wellness events with nearly 2,000 employee participants during FY 2026. Other programming included an on-campus CPR certification training that reached full capacity and the Coast-to-Coast fitness challenge, which encouraged employees to engage in more than 30 well-being behaviors and mapped their progress on a virtual cross-country trip.

The USPTO offered employees financial literacy workshops on critical topics, including retirement planning, Thrift Savings Plan optimization, and pension benefits; debt management strategies; investment fundamentals and portfolio diversification; and estate planning basics. During FY 2026,



The USPTO cafeteria reopens under new management. (Photo by Jay Premack/USPTO)

335 employees attended these workshops. Additionally, the agency expanded fitness center access and reduced employee costs, making wellness more accessible to the workforce. The fitness center's reduced membership price, effective in January 2026, fueled significant growth—226 new members joined during the first month of the agreement.

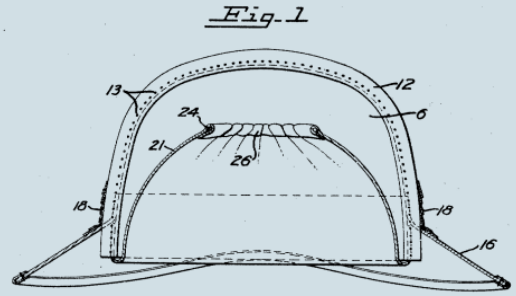
The USPTO also launched a comprehensive, structured approach to employee engagement, with programming occurring on most days of the week during FY 2026. On Mondays, the agency sent Communications Connect emails highlighting something new, unique, and exciting happening at the USPTO or in the IP community. This newsletter includes interactive storytelling and historical anecdotes about the USPTO's rich history, trivia questions engaging employees with IP facts, updates on activities and exhibits around USPTO headquarters, and profiles of employee achievements and contributions.

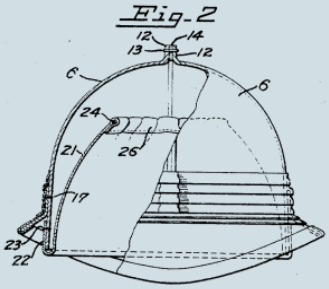
Each Tuesday, business units offered training and professional development sessions to their employees, creating a predictable cadence for continuous learning. On Wednesdays, the agency hosted USPTO Hour webinars on topics critical to its mission and operations. Themes included initiatives to reduce patent and trademark pendency,

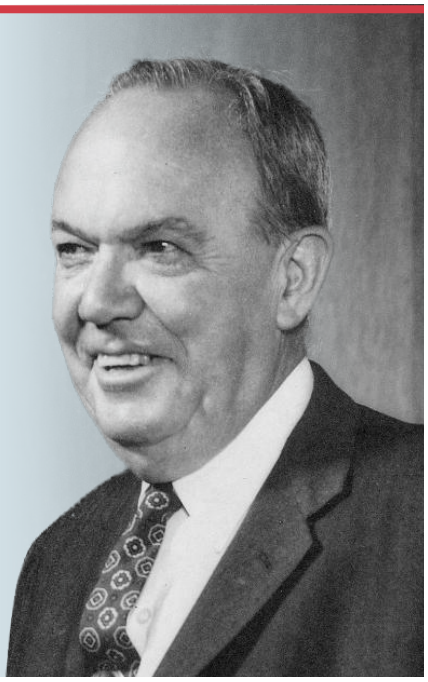
EDWARD BULLARD

U.S. PATENT NO. 1,699,133

The hard hat is now one of the most important pieces of safety equipment for workers around the world. But before Edward Bullard invented the first commercially available hard hat in the 1920s, many workers labored without head protection. A veteran of World War I, Bullard modeled the hard hat after the steel doughboy helmet he wore as a soldier.







strategies for countering fraudulent filings, the use of SI to aid examination, quality improvement initiatives, and CX enhancements. The program produced 51 USPTO Hour sessions with over 48,000 registrants.

The agency offered a series featuring internal and external speakers that allowed employees to engage in personal development. Featured speakers included IP experts and thought leaders from industry, business leaders and entrepreneurs, inventors with compelling stories, and USPTO leaders with strategic insights. This series exposed employees to diverse perspectives and fostered a culture of continuous learning and innovation.

Each Friday, the Under Secretary shared leadership messages updating employees on recent developments across the USPTO. These messages increased the transparency of agency priorities and decision-making, celebrated employee and organizational accomplishments, addressed challenges openly and honestly, and connected daily work to the agency's broader mission and impact.

The USPTO conducted multiple targeted employee surveys throughout FY 2026 to gather feedback on employee workplace experiences, leadership effectiveness, and the agency's organizational culture. Survey topics included the onboarding experience and new employee integration. The agency also conducted exit surveys to understand employees' reasons for departure and identify retention opportunities.

The new Employee Insights Survey, administered in spring 2026, measured different aspects of the employee experience. Employees responded positively when asked about their connection to the USPTO mission, their colleagues, and their supervisors. Other key findings drove the creation of tangible action items with recommendations for each business unit. The agency also developed data dashboards that displayed the results of exit surveys and provided business units transparent access to survey results, trend analyses, and other data.

The USPTO demonstrated its commitment to transparency and accountability by actively soliciting and responding to employee feedback throughout FY 2026. The Under Secretary held multiple listening sessions with employees across all organizational levels and addressed the results of the Employee Insights Survey, providing actionable next steps to address identified concerns.

The USPTO hosted additional focus sessions with agency supervisors to discuss leadership-specific challenges and opportunities.

In June 2026, the agency initiated a work-life article series for PTOWeb, the internal employee website. Articles featured engaging graphic designs and covered topics including transit services, health and wellness best practices, caring for oneself and one's family, career development, and more. Each article continues to receive hundreds of views, with some articles receiving over 1,000 views. The USPTO plans to issue several new articles in this ongoing series.

Professional and executive development

The USPTO made significant investments in employee development during FY 2026, providing diverse learning opportunities that enhanced individual capabilities while strengthening organizational performance. Recognizing that effective supervision is foundational to employee engagement, the USPTO completed a successful Supervisory Certification Program (SCP) in spring 2026, welcoming a cohort of new supervisors to learn and grow through both virtual and in-person sessions. Designed to help supervisors establish themselves and build confidence during their first year in supervisory roles, the SCP covered practical topics such as effective communication, relationship building, change and conflict management, mentorship and coaching, and strategic thinking. The program included a leadership panel and covered core human resources topics like employee relations and performance management. Four cohorts comprising 128 supervisors completed the program in May 2026. The SCP aligned with OPM's supervisory training and development framework and demonstrated the USPTO's commitment to developing federal supervisors.

The USPTO's formal and informal mentoring programs paired mentees with experienced professionals across the agency. A total of 646 employees participated in structured mentoring relationships for seven months. Cross-organizational mentorship fostered knowledge transfer and collaboration across business units, with mentoring pairs engaging in structured development conversations. An impressive 97% of mentees reported satisfaction with the program and increased clarity regarding their careers.



SCP training in the Clara Barton Auditorium at the USPTO. (Photo by Jay Premack/USPTO)

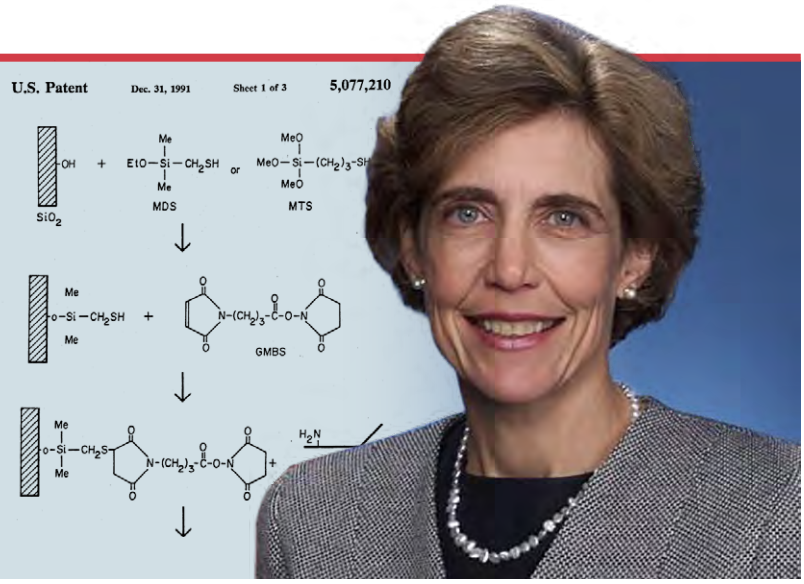
Throughout FY 2026, the USPTO's redesigned new employee orientation program welcomed multiple classes of new employees with in-person, interactive sessions featuring senior leadership. New employees received hands-on introductions to USPTO systems, including patent and trademark search tools, internal communications platforms, and mission-critical applications. This comprehensive orientation connected individual roles to the agency's constitutional mandate, while cultural immersion activities highlighted the USPTO's values and heritage. The program welcomed 1,204 new employees (including 963 new patent examiners) in FY 2026 and received an average satisfaction rating of 93%, with participants reporting they felt prepared to begin their work at the USPTO.

The USPTO also implemented an agency-wide Buddy Program to increase retention, engagement, and productivity among new employees.

FRANCES LIGLER

U.S. PATENT NO. 5,077,210

While working with the U.S. Naval Research Laboratory, Frances Ligler used her dual degrees in biology and chemistry to invent automated biosensors that could identify pathogens, toxins, pollutants, and explosives. Her technology was used to detect anthrax and botulinum toxin during Operation Desert Storm.



Presently, this program is an agency best practice, accelerating new employees' integration into the USPTO's ethos and efforts and responsibilities. Buddies have proven instrumental in agency onboarding because they reduce the number of routine questions supervisors receive and increase new employee confidence. Overall, effective relationships between buddies and new employees increase the sharing of institutional knowledge.

The USPTO's commitment to developing leaders ensures that a robust roster of qualified executives is prepared to lead the agency into the future. In FY 2026, the agency implemented strategic initiatives to identify, develop, and retain high-potential leaders across all organizational levels.

The USPTO created multiple acting leadership opportunities across business units, providing employees with valuable developmental experiences while addressing critical operational needs. Across the agency, 25 employees served in acting executive roles during FY 2026, with the duration of acting assignments averaging 120 to 240 days. These opportunities helped develop diverse, experienced leaders prepared for future executive-level responsibilities.

During July 2026, the agency convened a series of executive-level informational sessions to cultivate interest in senior leadership opportunities and strengthen awareness of the requirements for entry into the Senior Executive Service (SES). The sessions engaged approximately 320 employees, GS-13 through GS-15, senior-level, and judges, providing targeted information to support leader development and succession planning. The sessions were well received; attendees expressed strong interest in broadening their leadership skills and readiness for careers in executive-level roles. Participant engagement and positive feedback demonstrated the value of these sessions as a tool for building awareness, encouraging professional growth, and supporting the agency's future leadership pipeline.

The USPTO offered leadership development courses for employees aspiring to become senior executives, including Leadership for an Efficient and Accountable Government. This curriculum provided a strong foundation for advancement and equipped participants with essential leadership, strategic thinking, and program management skills via in-person sessions and interactive modules. Participants learned to connect strategic policy with practical implementation while building a powerful professional network.

In addition, the Senior Executive Development Program featured a dynamic, on-demand video series, including podcast-style discussions with accomplished leaders who shared practical insights to increase leader effectiveness and impact. The program deliv-

ered transformative learning experiences that inspired action and sharpened strategic thinking among participants at the GS-14 and GS-15 levels.

Finally, the SES Leading Edge program offered continued development opportunities to senior executives, aligning with the new Executive Core Qualifications and the President's Management Agenda. Sessions included the SES Orientation Briefing and bimonthly developmental sessions.

Workplace enhancement and space optimization

The USPTO invested strategically in physical workspace improvements during FY 2026 to support in-person work, foster collaboration, and boost the employee experience. These upgrades enhanced the agency's ability to attract top talent while optimizing real estate utilization.

Responding to employee feedback, the agency expanded parking accessibility through additional parking service contracts. In total, the USPTO added 250 parking spaces in two garages. These spaces are available to employees through monthly parking accounts.

The USPTO also established a modernized marketplace at the headquarters campus with a new vendor. Open for breakfast and lunch, the new marketplace features various grab-and-go and convenience items, an anchor restaurant, various guest restaurants, a pizza oven, a deli, and a soup and salad bar, with more concepts and choices in development. The USPTO also renovated and rebranded its in-house coffee bar, which opened as The Daily Pour. This shop offers coffees from a local roaster, New York-style bagels, and delicious pastries, all set in a collaborative environment. Daily attendance and patronage of the new marketplace increased by more than 500% compared to the marketplace serviced by the previous food vendor.

To support in-person work, the USPTO adopted strategic space planning initiatives that optimized utilization while supporting flexible work arrangements. The agency doubled its interior office space across two buildings to maximize seat assignments and co-locate seasoned employees with new patent examiners.

To create spaces that foster team building and collegiality, the USPTO created 18 new collaboration lounges. The agency designed these gathering spaces to offer a change of scenery for informal team meetings and brainstorming sessions, cross-organizational networking, and focused work.

The USPTO significantly renovated the Public Search Facility to create a modern, multifunctional area that maximizes space efficiency. The project added an executive-style conference room, flexible spaces to support internal and external special events, and a museum-style, historical walk-through area for public visitors. The reimagined facility serves as both a traditional research library and a modern venue for networking.

The USPTO optimized its regional footprint throughout FY 2026, directing resources toward facilities with strong mission alignment and greater space utilization. On October 1, 2025, the USPTO announced the closure of its Rocky Mountain Regional Outreach Office in Denver, Colorado, which served eight states: Colorado, Utah, Idaho, Montana, Wyoming, North Dakota, South Dakota, and Nebraska. This decision was driven by fiscal stewardship and the office's limited space utilization; although the office had the capacity to host 100 workstations, fewer than 10 employees were based there, and inventor visits were infrequent. In its December 2024 report to Congress, Unleashing American Innovators Act of 2022: Additional Regional Offices Study, the USPTO noted that physical office space has become less necessary over time, in part due to the expansion of community engagement offices and the increased use of virtual outreach. In March 2026, the agency permanently vacated the Denver office, which cost approximately $3.9 million per year to operate.

These costs included rent, contractor support fees, maintenance costs, and Denver locality pay. To continue to service the region, the USPTO established two community engagement offices in lieu of the Denver office, reducing annual operating costs by approximately $3.5 million.

Safety, security, and preparedness

The USPTO maintained an unwavering commitment to safety, security, and operational resilience in FY 2026. By enhancing its emergency management capabilities, the agency implemented comprehensive, innovative measures to protect employees, mitigate risk, safeguard sensitive information, and ensure mission continuity without exception.

Key efforts included updating active-shooter and active-threat training, along with developing emergency evacuation language and floor plans for new employee orientations. The USPTO also created training materials for the command and floor teams at USPTO headquarters and drafted an emergency preparedness quick guide for executive leadership at the Detroit regional office. Additionally, the agency supported vulnerability assessments, reviewed a contractor continuity of operations (COOP) plan, audited duress call stations, and completed an assessment of IT asset life cycle management threats and vulnerabilities. The OCIO also conducted access planning for COOP personnel at the Alternate Operating Facility (AOF). The AOF, which is the USPTO's first fully functional COOP facility, marks a major milestone in the agency's continuity efforts.

The USPTO successfully modernized its enterprise asset management program by implementing the ServiceNow asset attestation capability. This initiative transformed the agency's property accountability process from a decentralized model based on property custodians to an enterprise-wide framework based on employee attestations, shifting accountability for individually assigned assets directly to employees. The new approach streamlined accountability for 95,655 government assets, reduced the number of designated property custodians from 355 to 27 (a 92% reduction), and achieved a 96% rate of enterprise asset verification. Together, these enhancements increased the accuracy and visibility of inventory data, reduced administrative burden, strengthened operational efficiency, and helped support the agency's long-term modernization efforts.

The USPTO also strengthened its stewardship of government resources by strategically reusing assets and disposing of surplus property. By expanding efforts to recover enterprise assets and improving its disposition practices, the agency maximized the value of excess government property while reducing storage requirements and supporting responsible financial stewardship. This effort returned $778,990 to the agency through surplus property sales.

These efforts demonstrate the USPTO's commitment to improving operational efficiency, financial stewardship, and responsible management of federal resources.

Modernizing IT beyond examination to transform processes

Modernized technology and systems offer enhanced efficiency and security while improving the user experience. In FY 2026, the USPTO carefully managed IT costs as it advanced its modernization efforts and retired legacy systems. Despite inflationary pressures, the USPTO kept IT costs flat while making transformational changes, including moving systems to the cloud. At the same time, the USPTO recognized that SI is a transcendent and transformative technology, and the agency must embrace SI or lag in its technological revolution. The agency is implementing governance and foundational risk mitigation processes to invest in responsible, human-centered SI to reduce manual workload, increase substantive examination, and reinvest in USPTO employees. Providing best-in-class support to



HEDY LAMARR

U.S. PATENT NO. 2,292,387

When the United States entered World War II, famed actress Hedy Lamarr was not content to sit on the sidelines. Teaming up with composer George Antheil, Lamarr invented a frequency-hopping technique that could be used to prevent jamming of radio-controlled torpedoes. This technology was foundational to developing today's wireless communications.

USPTO employees was also a top priority. In FY 2026, the OCIO expanded the Service Desk's hours and earned a 99% customer satisfaction rating.

In FY 2026, the USPTO made monumental progress in cloud migrations. The cloud environment enables teams to leverage the latest technologies, including SI, for the agency's workforce and global customer base. Cloud-based systems are also secure, efficient, and easy to update; during FY 2026, 80% of USPTO IT components were operating in the cloud. Agency teams also retired 46 legacy enterprise systems and reduced costly on-premises storage by two petabytes.

The USPTO continued its modernization efforts by implementing new cloud-based and low-code software to improve efficiency, workflows, security, and service delivery. For example, new capabilities in examination systems helped reduce downtime, latency, and errors. The USPTO also introduced new redundancies to mitigate potential outages during FY 2026, furthering its existing IT resiliency efforts. New failover/standby mechanisms, which provide an immediately available backup for primary systems, along with cross-regional disaster recovery capabilities, protected critical data and ensured that agency services operated reliably and seamlessly. Due to built-in redundancies and proactive monitoring, major patent examination tools were available and running properly 99.6% of the time.

The USPTO reduced its physical footprint at the Manassas, Virginia, data center by 2,100 square feet as part of its cloud migration initiatives. To drive efficiency and reduce spending, the USPTO also consolidated space in two data centers (Madison East and Madison West) where the agency occupies approximately 35,000 square feet. In FY 2027 and FY 2028, approximately 7,000 square feet of data center space on the USPTO campus will become available for new offices to support Administration priorities.

The USPTO maintained the speed and efficiency of software delivery, adopting a new reference pipeline that resulted in more consistent and secure IT deployments. At the end of FY 2026, 100% of product teams were leveraging the pipeline to deploy software, up significantly from 35% in FY 2025. Via embedded cybersecurity controls, this pipeline strengthens the USPTO's ability to meet business demands through high-quality, secure software.

As threats evolved in the cybersecurity arena, the USPTO risk response strengthened identity protection and account security, both of which are crucial for ensuring public trust and protecting American IP. During FY 2026, the USPTO developed plans to launch a new software-as-a-service system for security information and event management. This SI-powered system will automate real-time threat detection and monitoring across systems.

The USPTO also implemented new MFA requirements to increase account security and protection, eliminating email-based MFA for all users. The agency also ended all guest and unregistered access to Patent Center as a risk response to deter fraudu-

lent filings; now, all users must register an account on USPTO.gov to view or file documents and use the Open Data Portal (ODP). Requiring registration before granting ODP access maximizes protection of public data, improves security, and limits costly bot traffic.

Another cybersecurity risk mitigation was to implement zero-trust foundations to support proactive, real-time risk assessment and streamlined compliance. The agency also refreshed physical assets, added a secure access service edge solution to resolve vulnerabilities, and adopted stronger preventive measures to meet security standards.

The USPTO decommissioned Google Chrome across the enterprise (approximately 16,000 devices), which significantly reduced exposure to browser-related zero-day attacks. This action minimized the efforts required to manage multiple browsers and removed more than 15,000 security vulnerabilities from the agency's Enterprise Desktop Platform.

To maximize employee productivity, the agency refreshed employee workstations, replacing 5,500 total equipment items (laptops and monitors) in FY 2026. The agency also deployed Microsoft 365 to enhance efficiency and security.

Strong SI governance, combined with escalating SI adoption and new use cases, fueled tangible strides in FY 2026. The SI Governance Council issued an agency-wide SI administrative order, demonstrating the central role governance plays in accelerating SI innovation. The strategy and action plan help guide responsible SI deployment and outline policy requirements, approval pathways, use cases, and more. Workforce training also accelerates the USPTO's SI adoption. The SI Academy reached 6,000 employees in FY 2026, offering courses and insights via 40 live sessions.

An expanded SI Lab supports the safe and responsible evaluation of novel SI technologies, ensuring tools meet risk and governance requirements. Launched in FY 2026, the Scout LLM provides over 6,900 agency users with access to leading frontier models from Anthropic, OpenAI, and Google. Use cases include drafting and improving content, analyzing documents and data, researching topics, and summarizing information. In addition, new features such as Scout Workspaces enable users to create focused tools, including the Adversarial Risk Evaluation System for risk management.

SI also aids software development and data management, enhancing speed, quality, and consistency. More than 870 software developers across 130 product teams use SI tools to analyze, debug, and refactor code, generate tests, and support requirements development. On the data side, a new SI search feature is now live in the ODP, and teams use Databricks' SI tools to support faster data migrations. These efforts help improve data discoverability and strengthen data usability for all teams.

For IT operations, SI improves service delivery and other processes. During FY 2026, SI helped the agency manage software licenses, leading to more efficient oversight. Meanwhile, SI tools in public call centers classified incoming emails and suggested responses to reduce manual effort and save time and costs. Product teams and customer service staff now use SI to summarize IT incidents and generate resolutions dynamically, while agency employees leverage SI for internal self-service. As issues are resolved, SI can automatically build new knowledge artifacts for a richer enterprise user support content base.

SI also helps to automate cybersecurity governance, risk, and compliance activities. By automating select workflows, SI can strengthen ongoing assessments and enable staff to focus on higher-value risk management activities.

Data protection and governance

To improve resiliency, security, and accessibility, the USPTO transitioned all teams' on-premises network

shared drives to SharePoint during FY 2026. SharePoint allows employees to apply security and retention labels to records and easily share and access data from USPTO-approved devices. In addition, the agency developed automated methods of tagging and maintaining data sensitivity, classification, and caveat labels within the USPTO data catalog.

In FY 2026, the USPTO made significant strides in data governance, strengthening how it manages data as an enterprise asset. Building on efforts from FY 2025, the agency expanded its cataloging efforts to improve the visibility, accessibility, and traceability of critical enterprise data assets. These efforts empower employees to discover, access, curate, manage, and integrate the data they need more efficiently. In total, USPTO community managers, data owners, and stewards ingested over 1.7 million data assets (databases, tables, columns, glossary terms, reports, dashboards, and other assets) during FY 2026.

Additional efforts during FY 2026 included onboarding new data domains, enhancing the quality of metadata, establishing stewardship protocols to support informed decision-making, and identifying roles and responsibilities for data owners and stewards across business units. The USPTO formalized an agency data governance framework that aligns with its strategic priorities, promotes data integrity, and enables unified data oversight. Together, these initiatives will improve operational efficiency, deliver greater value to the public, and modernize data management by ensuring data is SI ready.

The USPTO advanced the compliant management of agency information across its life cycle by providing enterprise guidance on records retention and disposition, Privacy Act compliance and Privacy Impact Assessments, Paperwork Reduction Act information collections, Controlled Unclassified Information (CUI), and related federal statutory mandates.

Key accomplishments included implementing General Records Schedule requirements for agency email, processing 30 OMB Information Collection Requests, completing 96 Privacy Impact Assessments, and strengthening agency oversight of CUI requirements. The agency also inventoried 26,284 files associated with plant patent records, establishing a reliable baseline for disposition, digitization, and space optimization. In addition, the USPTO advanced the Library Modernization Project, which supported the inventorying, preservation, and modernization of historically significant trademark records to improve long-term accessibility and life cycle management. The agency also accessioned



Take Our Kids to Work Day at the USPTO held in the Clara Barton Auditorium. (Photo by Jay Premack/USPTO)

approximately 302,400 granted patent records occupying approximately 51,840 cubic feet to the National Archives and Records Administration facility in Lenexa, Kansas.

These efforts improved accountability, audit readiness, and consistency in the management, protection, retention, and disposition of agency information and established a stronger governance foundation for business unit program managers and IT system owners.

Performance measurement reporting process

As a performance-based organization, the USPTO develops its annual budget using key data from program offices, including models, performance indicators, measures, and targets. This information helps guide the agency in achieving its strategic goals and objectives.

Each year, subject matter experts in each program area review and refine performance measures to ensure they accurately capture progress toward the agency's strategic goals and support improvements in program performance, objectives, and outcomes. These measures and targets are monitored, tracked, and reported to senior leadership on a quarterly basis. Many agency metrics are also available online in the USPTO's data and statistics center.

In addition, as a bureau within the DOC, the USPTO provides biannual updates for inclusion in the department's annual reports. For more information, please refer to the DOC's budget and performance page.

Verification and validation of performance data

The USPTO requires complete, accurate, and reliable performance data to assess the agency's progress toward its strategic priorities and goals and to make sound management decisions. Most USPTO employees work under production-based performance management systems to meet demand and achieve organizational goals. The agency measures employee performance by comparing the amount and quality of work an employee produced in a given period to the amount and quality of work the agency expected the employee to produce.

The USPTO operates within a performance-based process that uses quantitative and qualitative measures and standards to evaluate cost effectiveness. Employee production data (planned and actual) feeds the complex organizational production models the agency uses to determine the resources and costs required to deliver on its organizational performance commitments. The USPTO's approach to verifying and validating performance data, which is intended to improve accuracy and reliability, includes:

1. Developing performance measures through strategic planning and annual performance planning.
2. Confirming, via the USPTO's program managers, that procedures are in place to ensure data is accurate and that performance measurement sources are complete and reliable. Agency program managers follow a standardized reporting procedure that involves documenting detailed information about each performance measure. The program managers cover information that includes (but is not limited to):
   - Performance measure definitions
   - Performance measure rationale
   - Data sources
   - Data collection and computation methods
3. Monitoring and maintaining automated systems and databases that collect, track, and store performance indicators. The USPTO's program managers and IT product owners, along with IT staff, are responsible for completing these tasks. These automated systems typically evaluate data against expected results to determine the data's reasonableness, consistency, and accuracy. Cross-checks between other internal automated systems also provide assurances of the data's reasonableness and consistency. In addition to internally monitoring each system, experts outside the business units routinely monitor the data collection methodology.

4. Tasking the OCFO with monitoring the USPTO's performance, guiding and supporting the data collection methodology and data analysis, ensuring data quality checks are in place, and reporting performance management data.

5. Periodically verifying and validating performance measures to ensure quality, reliability, and credibility. At the beginning of each fiscal year and at various points during the reporting or measurement period, the USPTO reviews and adjusts sampling techniques and sample counts to ensure data is statistically reliable for making inferences about the population as a whole. Teams also conduct data analyses to help the business units interpret program data. For example, these teams might identify statistically significant trends and underlying factors that could affect a specific performance indicator.

6. Analyzing progress toward performance measure targets and broader progress toward achieving the agency's strategic priorities. The USPTO also discusses program risks and develops mitigation strategies.

These procedures ensure the performance data the agency reports is complete, accurate, consistent, and reliable as appropriate for its intended use, and that the agency is maintaining internal controls to function as intended.

Commissioners' performance for FY 2026

The AIPA, title VI, subtitle G, also known as the Patent and Trademark Office Efficiency Act, requires the establishment of annual performance agreements between the Commissioner for Patents, the Commissioner for Trademarks, and the Secretary of Commerce. Commissioners for Patents and Trademarks are appointed by the Secretary of Commerce, and each have performance agreements that outline the measurable organizational goals and objectives for which they are responsible.

The commissioners may be awarded a bonus (up to 50% of their base salary, as long as it does not exceed the aggregate salary limitation equivalent to the Vice President's salary) based on a performance evaluation defined in the agreement. At the close of FY 2026, both commissioner positions were vacant, and individuals were performing the roles in acting capacities.



Finalists in the National Inventors Hall of Fame Collegiate Inventors Competition participate in a Meet the Experts session in the lower atrium at the USPTO. (Photo by Jay Premack/USPTO)

Bonus information for FY 2026 was not available as of this report's publication, but the USPTO will document results in the FY 2026/FY 2028 Annual Performance Plan, as well as the FY 2027 AFR. For FY 2025, both the Commissioner for Patents and the Commissioner for Trademarks positions were vacated prior to the end of the performance cycle, with no bonuses awarded.

Performance audits and evaluations

The Government Accountability Office (GAO) did not issue any audit reports for the USPTO during FY 2026.

The DOC OIG completed and issued one final audit report related to the USPTO in late FY 2025, and the agency finalized its plan of action and milestones (POAM) to address the report's recommendations in FY 2026. The report, The United States Patent and Trademark Office Needs to Strengthen Its Patent Examination Quality Review Program, recommended six corrective actions to mitigate the audit findings, five of which remain open. The USPTO

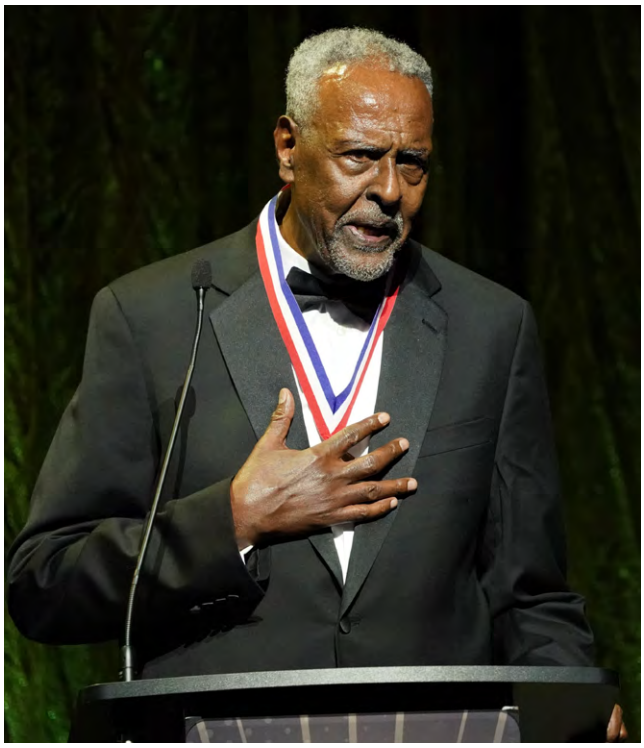
concurred with all recommendations and is working with the OIG to implement corrective actions.

For the other two OIG reports issued in FY 2025, USPTO Should Address Risks to Its Pendency Reduction Efforts for Trademark Applications and USPTO Should Improve Governance to Promote Effective Oversight of Its Artificial Intelligence Tools, the USPTO implemented eight out of 11 total recommendations. The agency aims to complete the remaining three recommendations by December 2027.

At the beginning of FY 2026, the USPTO was working to rectify three open recommendations from two OIG reports issued prior to FY 2025. The agency has since closed the final report, Inadequate Management of Active Directory Puts USPTO's Mission at Significant Cyber Risk, and one recommendation remains open for A 3-Year Exposure of Privacy Act-Protected Data Revealed USPTO Mismanagement in Safeguarding the Sensitive PII of Trademark Filers.

The USPTO implemented seven of the eight GAO recommendations from a prior audit: Intellectual Property: Patent Office Should Strengthen Its Efforts to Address Persistent Examination and Quality Challenges. The GAO report included the agency's publicly posted response, providing useful context for complex matters. In response to the final open recommendation, the USPTO assessed and adopted three economic and scientific patent value metrics (patent renewal rates, non-patent literature citations, and patent families). This recommendation specifically pertains to informing the agency's strategic planning and annual performance reporting. Publication of this action fulfills all agency requirements from this audit.

One of two GAO recommendations remain open from a prior audit: Intellectual Property: Stronger Fraud Risk Management Could Improve the Integrity of the Trademark System, targeted for completion in September 2027.



National Inventors Hall of Fame inductee Gebisa Ejeta delivers remarks at the induction ceremony for the class of 2026. (Photo by Jay Premack/USPTO)

The USPTO's strategies for implementing audit recommendations are specific to the subject of the recommendation and follow the USPTO Enterprise Risk Management (ERM) Governance and Operating Model, which uses the Federal ERM Playbook as a guide. The USPTO Risk Management Council approved this artifact, and the USPTO leverages it throughout the agency to manage risk. For example, to address the first recommendation in Intellectual Property: Stronger Fraud Risk Management Could Improve the Integrity of the Trademark System, the USPTO developed a fraud risk profile that aligns with leading practices and updated its annual assessment of the trademark fraud risk framework. Further, as part of its FY 2026 Annual Performance Report and FY 2028 Annual Performance Plan, the USPTO published a POAM to address relevant areas of the OIG's annual Top Management Challenges report. The POAM documents and tracks key actions and performance indicators in impacted program areas throughout the year.

SIGNIFICANT RISKS AND OPPORTUNITIES

In FY 2026, the USPTO matured its ERM program by assigning and training risk owners responsible for mitigating uncertainty in key strategic areas, including those identified in the FY 2026 OIG Top Management Challenges report. The USPTO also continually monitors emerging and trending risks through risk-based reviews, internal control assessments, and external audit findings. These activities help the agency better understand its risk exposure and identify effective approaches to mitigation and monitoring.

Strategic risk areas

Financial business model

The USPTO Financial Advisory Board owns the financial business model risk. The ten identified risk and opportunity statements focused on the agency's ability to balance fees, spending, and operating reserves based on fee setting, workload, resourcing, and performance. Risks also included the USPTO's potential loss of authorities associated with a performance-based organization, such as its ability to set fees and access fee collections.

The expiration of the USPTO's AIA section 10 fee setting authority posed one of the most severe risks to the USPTO during FY 2026. Fee setting authority is an important financial risk mitigation tool that aligns aggregate revenue with aggregate costs and ensures the USPTO has the resources required to address priorities like pendency reduction and to respond to the public's demand for patents and trademarks. If fee setting authority were to sunset, the USPTO is at risk of fee schedules becoming stagnant and not performing as desired to address changes in the economy, cost profile, or IP landscape. The agency adequately manages and mitigates other financial and operational risks by maintaining operating reserves with optimal and minimum balances based on various risk factors. More

TABLE 3: SUMMARY OF ENTERPRISE-LEVEL RISKS AND OIG TOP MANAGEMENT CHALLENGES

Strategic Risk Area	Risk Focus	OIG Top Management Challenge
Financial Business Model	▸ Align resources to support effective operations	
Acquisition Management	▸ Strengthen contracting to maximize value	
External Threat	▸ Reduce outside risks to protect the USPTO mission	▸ Preserve the integrity of IP
Strategic IT Management	▸ Execute a balanced digital transformation	▸ Modernize technology
Information Security	▸ Protect USPTO data and systems	
Super Intelligence	▸ Manage SI-related change	▸ Use emerging technologies reliably, safely, and effectively
Registering Trademarks	▸ Modify trademark examination to meet demand and maintain quality	▸ Modernize operations ▸ Reduce application backlog without sacrificing quality
Issuing Patents	▸ Modify patent examination to meet demand and maintain quality	▸ Modernize operations ▸ Reduce application backlog without sacrificing quality
Strategic Human Capital Management	▸ Build the workforce to meet mission needs	



IP attachés and industry association stakeholders meet at USPTO headquarters on the topic of life science and counterfeit medicines. (Photo by Jay Premack/USPTO)

information on the operating reserves is in the Financial highlights section of this report.

Acquisition management

The USPTO Bureau Procurement Official (BPO) owns the acquisition management risk. In FY 2026, the BPO assigned risk owners to the eight identified risk statements. These risk statements focused on the agency's reliance on contractors and single-point-of-failure vendors, the acquisition workforce and tools, contract award and administration, and payment certification.

In FY 2026, the ERM team performed a risk-based review of acquisition management to determine whether the USPTO's acquisition community has the skills, processes, job aids, and tools it needs to reduce the likelihood of vendor fraud, waste, or abuse. This review also focused on the USPTO's overall efficiency and effectiveness in acquisition management. Risk owners leveraged information from the review to discuss potential risk response plans.

Risk levels declined in this strategic area during FY 2026 as the USPTO provided assurances that there was no indication of payment fraud. The agency employed purchase card, travel card, and vendor payment analytics, as well as acquisition monitoring and ML/SI tools, to find anomalous activity and sort data more efficiently. These tools reduced manual processing and allowed agency staff to focus on identifying risk patterns, providing oversight, and taking timely corrective action. The USPTO also developed an application that tracks and documents investigations of identified anomalies.

External threat

The USPTO's External Threat Working Group coordinates the efforts of multiple business units to respond to the external threat risk. In FY 2025, the working group identified and assigned owners to the eight risk statements focused on external parties that flood the USPTO with improper filings or requests for PTAB proceedings, misrepresent themselves, or impersonate the USPTO to harm agency customers. The risk statements also address threats to patent technological standards and IP protections. Fraudulent or abusive schemes evolve quickly and require the agency to continuously update its detection methods, review criteria, and operational safeguards.

In FY 2026, risk owners, including the heads of the PFMU and the RPO, made significant progress by implementing mitigative measures that protect the integrity of America's IP system. As described in the Performance highlights section of this report, risk owners led efforts to combat impersonators targeting USPTO customers, developed datasets to support SI-enabled analysis and strengthen agency systems against external threats, and created SI-enabled tools to predict risk levels of anomalous behaviors by external entities. Risk owners also expanded the screening and review processes for RPIs and issued a record number of show-cause orders, administrative sanctions, cancellations, terminations, and penalties. These enforcement actions helped reduce the likelihood that improper behaviors will continue.

Related GAO Audit: *Intellectual Property: Stronger Fraud Risk Management Could Improve the Integrity of the Trademark System*

Strategic IT management

The USPTO IT Advisory Board (ITAB) owns the strategic IT management risk. In FY 2026, the ITAB assigned risk owners to the eight identified risk and opportunity statements. These risk statements focused on maintaining highly reliable systems, making informed IT investment decisions, ensuring the agency derives value from IT investments, managing business product teams' use of centrally managed infrastructure such as the cloud, optimizing IT resources and processes, prioritizing the use of emerging technologies, and establishing guardrails for the use of data, analytics, and emerging technologies. The USPTO is also embracing strategic IT management as an opportunity to shift the perception of IT, encouraging stakeholders to view it not as a service function, but as a business innovator that contributes to business outcomes.

By the end of FY 2026, the USPTO had re-architected and migrated 57% of product components to the cloud, with another 23% on track for migration in FY 2027. As a result of this effort, only 2% of legacy product components have yet to be rehosted in the cloud, 8% have yet to be retired, and 10% remain in the USPTO data center as required for on-site employees. These FY 2026 modernization efforts greatly reduced the USPTO's IT risk exposure, strengthened the agency's overall cybersecurity risk posture, and positioned the agency to take advantage of SI opportunities.

Information security

The USPTO Chief Information Security Officer (CISO) owns the information security risk. In FY 2026, the CISO assigned risk owners to the four identified risk statements focused on unauthorized or inappropriate system access, data security, and people security.

With 92% of product teams leveraging an automated deployment pipeline with embedded security controls, the USPTO was positioned to respond to vulnerabilities more quickly. A new security information and event management system also allowed the agency to enable SI-powered threat detection. The USPTO's continued adoption of identity protection and account security solutions further enhanced its ability to address external threats. While the cybersecurity threat landscape continues to evolve, the USPTO is taking proactive steps to keep pace and strengthen the agency's defenses.

Related OIG Audit: *A 3-Year Exposure of Privacy Act-Protected Data Revealed USPTO Mismanagement in Safeguarding the Sensitive PII of Trademark Filers*

Related OIG Audit: *Inadequate Management of Active Directory puts USPTO's Mission at Significant Cyber Risk*

Super intelligence

The USPTO SI Governance Council owns the SI risk. In FY 2026, the council assigned risk owners to the 10 identified risk and opportunity statements focused on USPTO investments in SI, including risks related to usage, return on investment, and overreliance. The risk statements also explored the USPTO's interactions with SI-powered customers and bad actors. The last group of risks addressed uncertainty around IP policy, including policies related to protecting SI inventions and using SI in generating applications.

The USPTO is embracing SI—both a risk and an opportunity multiplier—by using it to increase mission effectiveness, combat bad actors, and lead innovation in the federal government. As such, the agency's executive leadership is making risk-reward trade-offs and reevaluating SI usage frequently.

During FY 2026, leadership were briefed on SI risk approaches identified in FY 2025 and named the accountable and responsible parties. The USPTO also completed several risk response actions to improve the risk posture for reliable, safe, and effective use of emerging technology. These actions revolved around SI governance, data governance, product team guardrails, acquisition

language, compliance, and organizational change management.

Related OIG Audit: *USPTO Should Improve Governance to Promote Effective Oversight of its Artificial Intelligence Tools*

Issue patents and register trademarks

As discussed in the Performance highlights section of this report, during FY 2026, the USPTO made meaningful progress in reducing the age and volume of the unexamined patent application inventory without sacrificing patent quality. Unexpected changes in filing volume, along with challenges in hiring and training examiners, continue to pose risks to timeliness and quality metrics. The agency is addressing these uncertainties through policy updates, strategic human capital planning, process optimization, and the use of SI tools.

The USPTO also reduced the trademark application backlog through hiring, examiner incentives, and process automation throughout FY 2026. At the same time, the agency exceeded its quality targets and improved the Trademark Register. Trademark productivity and pendency remain vulnerable to changes in filing volume, difficulty in hiring sufficient staff to support examination work, and increases in fraudulent applications, despite strengthened enforcement. Mitigation efforts in FY 2026 successfully reduced the agency's risk exposure.

Although emerging technologies and IT modernization efforts help mitigate barriers to achieving patent and trademark strategic objectives, these efforts also introduce new risks. Implementations can be financially costly, temporarily impact performance by requiring additional integration or staff training, complicate legacy system interdependencies, require procedural refinements before full deployment, and increase the agency's exposure to cybersecurity threats. In addition, these tools can generate false positives that create unnecessary work or inconsistent results. The strategic IT management, SI, and information security sections of the USPTO Risk Register capture these risk considerations. The USPTO also uses its ERM program to evaluate interdependencies and support decisions about IT investment trade-offs.

The USPTO considers IT and human capital investments in the larger context of the financial business model risk. The USPTO aligns its strategic and annual plans, performance measure targets, and risks to strike the resourcing balance most likely to help the agency achieve its short- and long-term strategic objectives.

Related OIG Audit: *USPTO Should Address Risks to its Pendency Reduction Efforts for Trademark Applications*

Related OIG Audit: *The United States Patent and Trademark Office Needs to Strengthen its Patent Examination Quality Review Program*

Related GAO Audit: *Intellectual Property: Patent Office Should Strengthen Its Efforts to Address Persistent Examination and Quality Challenges*

Strategic human capital management

The USPTO's primary human capital risks involve hiring, retention, corporate knowledge management, workforce skill sets, and performance. During FY 2026, the agency made the hiring process more efficient by enhancing coordination, streamlining communication, and using new technologies, all of which helped reduce the risks associated with filling many critical examiner positions. As discussed in the Performance highlights section of this report, strategies included redesigning the employee orientation experience, disseminating communications that reinforced employees' pride in the USPTO mission, improving campus amenities, and building stronger connections through buddies, mentors, trainings, and webinars. The new Employee Insights Survey also played an important role in helping the agency identify additional opportunities to strengthen employee engagement. The agency will continue to closely monitor retention rates to determine if these strategies are effectively reducing risk.

FINANCIAL HIGHLIGHTS

Similar to a private-sector business, the USPTO finances its operations solely through user fees—not taxpayer funds. These fees support the USPTO's work in issuing patents and registering trademarks that are timely, reliable, and hold value in the real economy, in advancing U.S. intellectual property interests at home and abroad. Total fee collections correlate with demand for the agency's products and services. The USPTO routinely forecasts both demand and anticipated fee collections to plan for and manage annual operating expenses. These forecasts are inherently uncertain, as economic conditions are inexact, and actual demand for patents and trademarks may be higher or lower than projected. The USPTO must maintain operations and meet actual demand regardless of the accuracy of these forecasts. To mitigate the risk of this uncertainty, the USPTO routinely updates its forecasts, tracks its operational and financial performance, and monitors changes in the economy. The agency also maintains operating reserves in accordance with best practices to mitigate the impacts of demand and revenue volatility.

The USPTO received an unmodified (clean) audit opinion from Kearney & Company, P.C., an independent public accounting firm, on its FY 2026 financial statements—the agency's 34th consecutive unmodified audit opinion. This outcome provides independent assurance to the public that the USPTO's financial statements are fairly presented in all material respects and conform to accounting principles generally accepted in the United States. In addition, Kearney & Company, P.C. reported no material weaknesses or significant deficiencies in the USPTO's internal control, and no instances of noncompliance with laws and regulations affecting the financial statements. The full opinion is published in the Financial Section of this report; see Other Information for the Summary of Financial Statement Audit and Management Assurances.

The financial highlights presented in this section provide an analysis of the information that appears in the USPTO's FY 2026 financial statements (amounts may vary slightly due to rounding). The USPTO's financial management processes comply with laws and regulations; its internal controls over financial reporting are effective; and agency leaders routinely receive complete and dependable financial decision-making information. These financial statements and highlights are components of the USPTO's objective to continually improve the accuracy and usefulness of its financial management information, decision support, and analyses.

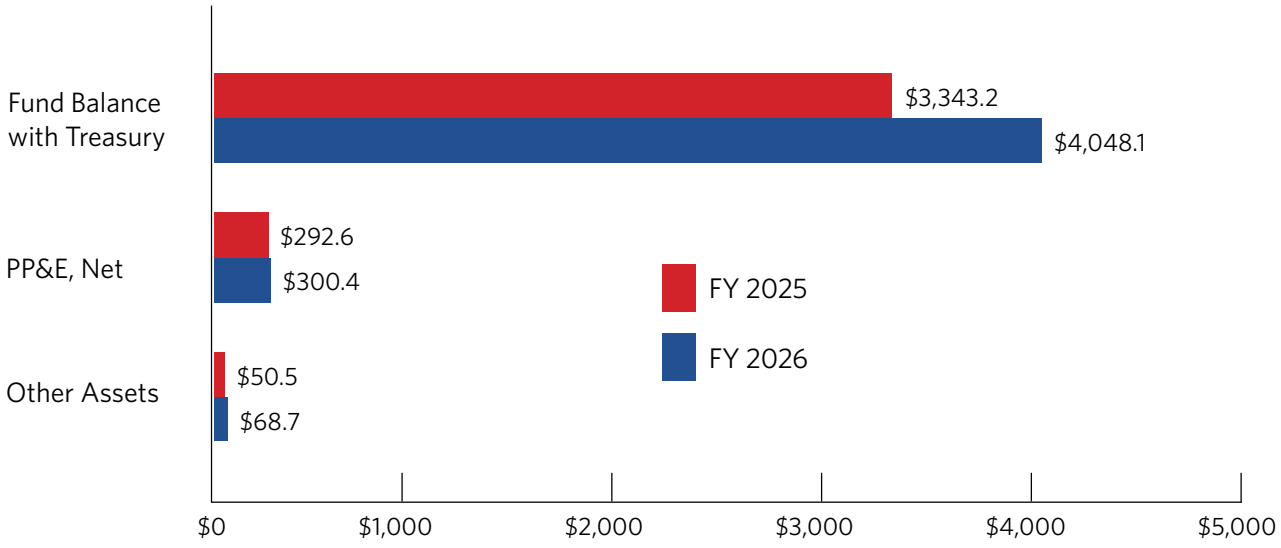
Balance Sheet and Statement of Changes in Net Position

At the end of FY 2026, the USPTO's Balance Sheet (page 91) presented total assets of $4,417.2 million, total liabilities of $2,241.7 million, and a net position of $2,175.5 million.

Assets

The agency's total assets increased by $730.9 million, or 19.8% from FY 2025 to FY 2026 largely due to deposits to the patent and trademark operating reserves, which are at optimal levels for mitigating financing risk. The agency's largest asset balance is the Fund Balance with Treasury at $4,048.1 million, followed by Property, Plant, and Equipment (PP&E), Net at $300.4 million. Figure 5 shows the changes in assets over the past two fiscal years.

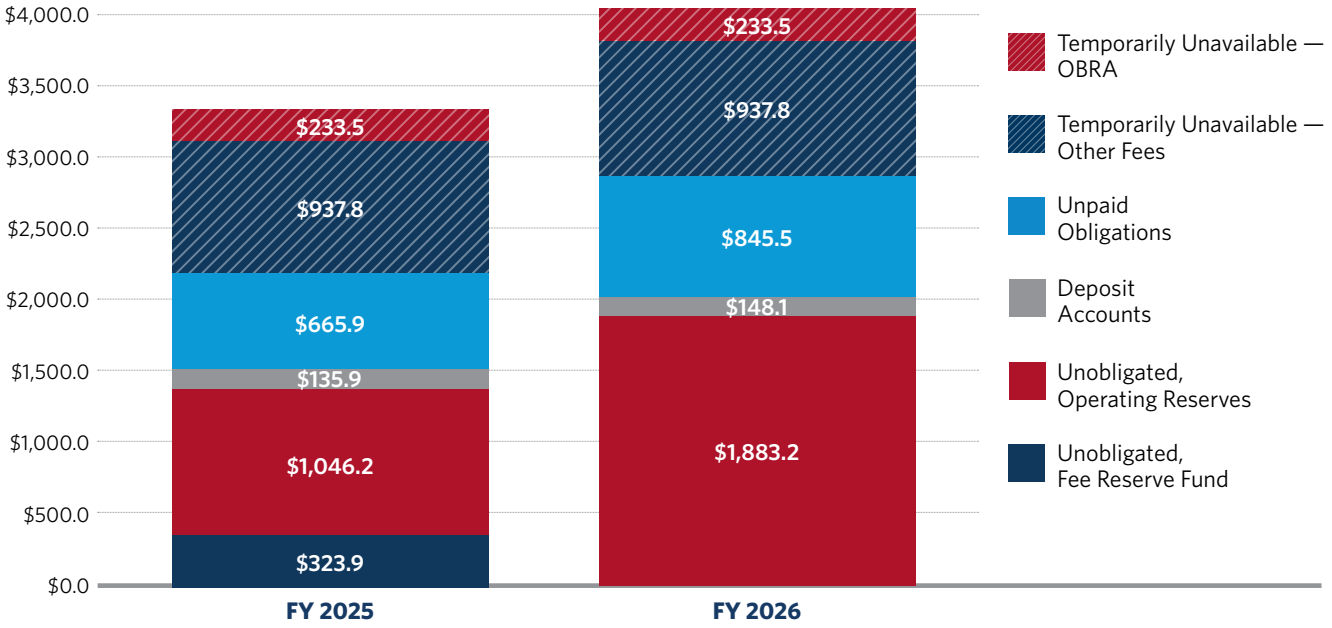
FIGURE 5: COMPOSITION OF ASSETS *(dollars in millions)*



Fund Balance with Treasury

The Fund Balance with Treasury is the single-largest asset on the Balance Sheet and represents 91.6% of the agency's total assets at the end of FY 2026. The Fund Balance with Treasury comprises fees the USPTO collected between FY 1992 and FY 2013 that have not been authorized for spending through the annual appropriations process. Of this amount, $790.1 million are previously collected fees for patent and trademark services provided to customers; $147.7 million are patent and trademark sequestered funds pursuant to the Consolidated and Further Continuing Appropriations Act, 2013 (Pub. L. No. 113-6); and $233.5 million are surcharge collections from patent customers withheld under the OBRA of 1990 deposited in a special fund receipt account at Treasury. These funds require congressional appropriation before the USPTO may use them and continue to be accounted for, remaining unavailable in the USPTO's Treasury account until appropriated. The Fund Balance with Treasury also includes funds held on deposit for customers of $148.1 million that are not available for the USPTO to use for operations. The Fund Balance with Treasury components that are available for agency use include unexpended obligated funds of $845.5 million and appropriated but unobligated funds carried over (i.e., operating reserves) of $1,883.2 million. See Note 2 (page 102) and Note 7 (page 106) for additional information. Figure 6 shows the composition of the Fund Balance with Treasury over the past two fiscal years.

FIGURE 6: COMPOSITION OF FUND BALANCE WITH TREASURY *(dollars in millions)*



Operating Reserves

As required by 35 U.S.C. § 42(c)(3), the USPTO tracks two distinct operating reserves—one derived from patent fees for patent operations, and one derived from trademark fees for trademark operations. Table 4 shows the composition of operating reserves over the last two fiscal years.

TABLE 4: COMPOSITION OF RESERVES *(dollars in millions)*

	FY 2025			FY 2026		
	Available operating reserves	Fee reserve fund	Total reserves	Available operating reserves	Fee reserve fund	Total reserves
PATENT	$ 867.9	$ 278.6	$ 1,146.5	$ 1,531.2	$ 0.0	$ 1,531.2
TRADEMARK	178.3	45.3	223.6	352.0	0.0	352.0
USPTO total	$ 1,046.2	$ 323.9	$ 1,370.1	$ 1,883.2	$ 0.0	$ 1,883.2

The operating reserves contain available and unobligated fees carried over from one year to the next that are available for agency use without further congressional appropriation. The operating reserves are a critical financing mechanism to bridge variability in daily fee collections and costs, while also mitigating external financing risks. The operating reserves enable the USPTO to finance agency operations in a variety of scenarios, including when fee collections are partially or wholly unavailable (e.g., continuing resolution, lapse in appropriation, etc.); fee collections are lower than expected (e.g., unexpected economic downturn or unanticipated legislative changes); demand for patent and/or trademark services unexpectedly increase, resulting in higher-than-planned spending requirements to address increases in work volume (e.g., unexpected economic upturn); and other unanticipated spending requirements necessary when USPTO operations exceed planned estimates (e.g., increased operating costs due to inflationary pressures). As part of normal financing opera-

tions, the USPTO typically relies on the operating reserves more heavily at the beginning of a fiscal year. For example, this situation might apply when new fee collections are unavailable due to a continuing resolution or lapse in appropriation, while awaiting reprogramming approval for prior-year fee collections in the Patent and Trademark Fee Reserve Fund (PTFRF), and for other obligations that coincide with the start of a new fiscal year.

The USPTO maintains its operating reserves within a designated operating range—above minimum levels but generally at or below optimal levels—to deliver on the service-level performance targets it communicates to its stakeholders. The financial risk for executing the USPTO mission at planned performance levels is directly tied to the operating reserves: risk is higher when balances are closer to minimum levels and lower when balances approach optimal levels. Stakeholders rely on the agency to execute on planned performance at established service levels to bring innovative ideas to market and secure the United States' competitive advantage.

The USPTO recognizes that the operating reserves' mitigative uses could change over time due to economic volatility, variability in filings and revenue collections, external and internal enterprise risk, or operational reasons. Therefore, the USPTO annually assesses risk, including forecasted cash flow and any planned use of operating reserve funds, as part of the budget process. In accordance with the USPTO's operating reserve policy, at least every three years the USPTO assesses the overall risk environment, including various risk factors such as economic and funding uncertainty, fee structure balance, and the agency's high percentage of fixed costs, to reevaluate the appropriate operating range for both operating reserves.

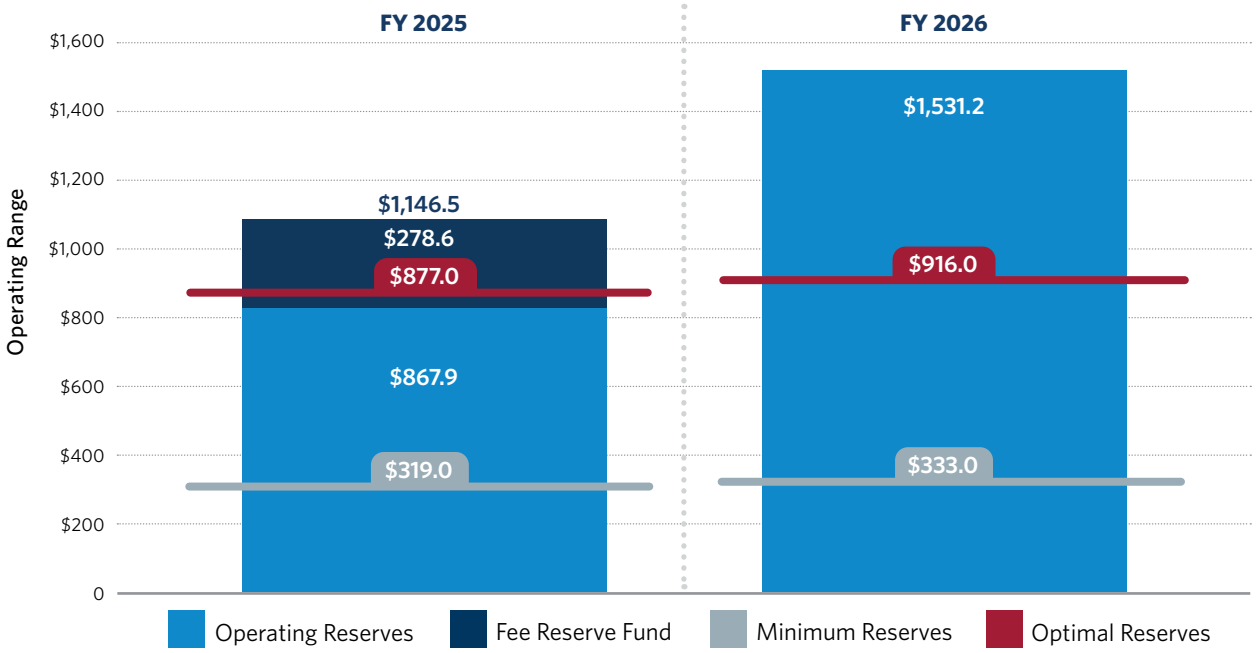
For FY 2026, the patent operating reserve targets were a minimum of 8% of total planned spending (or about one month of operating expenses) and an optimal of 22% of total planned spending (or about three months of operating expenses). The minimum trademark operating reserve target was 23% of total planned spending (or about three months of operating expenses), and the optimal target was 50% of total spending (or about six months of operating expenses). During FY 2026 and in accordance with the USPTO's operating reserve policy, the agency assessed the overall risk environment for both the patent and trademark operating reserves.

Based on the current risk environment, including various factors such as economic and funding uncertainty, the high percentage of fixed costs, and increased risk in operational and financial forecasting as the USPTO continues to integrate SI into examination workstreams, the USPTO established a minimum target beginning in FY 2027 of 19% of total spending (about two months of operating expenses) and optimal at 32% of total spending (about four months of operating expenses) for the Patent Program. The USPTO also established a minimum target of 33% of total spending (about four months of operating expenses) and optimal at 56% of total spending (about seven months of operating expenses) for the Trademark Program.

The USPTO maintained both operating reserve balances above minimum planning levels during the last two fiscal years: $319 million minimum in FY 2025 and $333 million minimum in FY 2026 for Patents, and $132 million minimum in FY 2025 and $146 million minimum in FY 2026 for Trademarks.

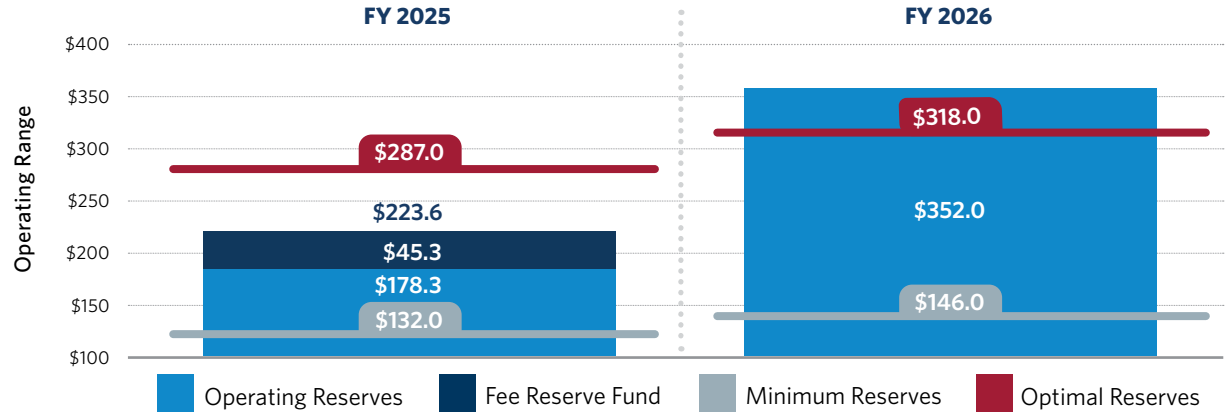
The patent operating reserve increased from $1,146.5 million (3.6 months of operating expenses) at the end of FY 2025 to $1,531.2 million (4.7 months of operating expenses) at the end of FY 2026, representing an increase of $384.7 million, or 33.6% (see figure 7). This increase was primarily due to lower-than-planned payroll compensation spending.

FIGURE 7: PATENT RESERVES *(dollars in millions)*



The trademark operating reserve increased from $223.6 million (5.0 months of operating expenses) at the end of FY 2025 to $352.0 million (7.6 months of operating expenses) at the end of FY 2026, representing an increase of $128.4 million, or 57.4% (see figure 8). This increase was also due to lower-than-planned payroll compensation spending and higher-than-planned fee collections.

FIGURE 8: TRADEMARK RESERVES *(dollars in millions)*



Patent and Trademark Fee Reserve Fund

All fees the USPTO collects up to its annual appropriation are immediately available for obligation, and fees collected in excess of the appropriated amount are deposited into the PTFRF. The FY 2026 enacted appropriation for the USPTO was $4,956.0 million, and total fee collections were below this amount—hence, the agency did not deposit any fees into the PTFRF during FY 2026. At the end of FY 2025 and due to the full year continuing resolution, the USPTO collected more fees than the appropriated amount of $4,195.8 million. As a result, $278.6 million in patent fee collections and $45.3 million in trademark fee collections were deposited into the PTFRF. These funds were authorized for spending without further appropriation pending reprogramming requirements. The USPTO completed a reprogramming notification with congressional appropriators on March 1, 2026, and transferred the collected fees to the agency's operating reserves in the regular spending account.

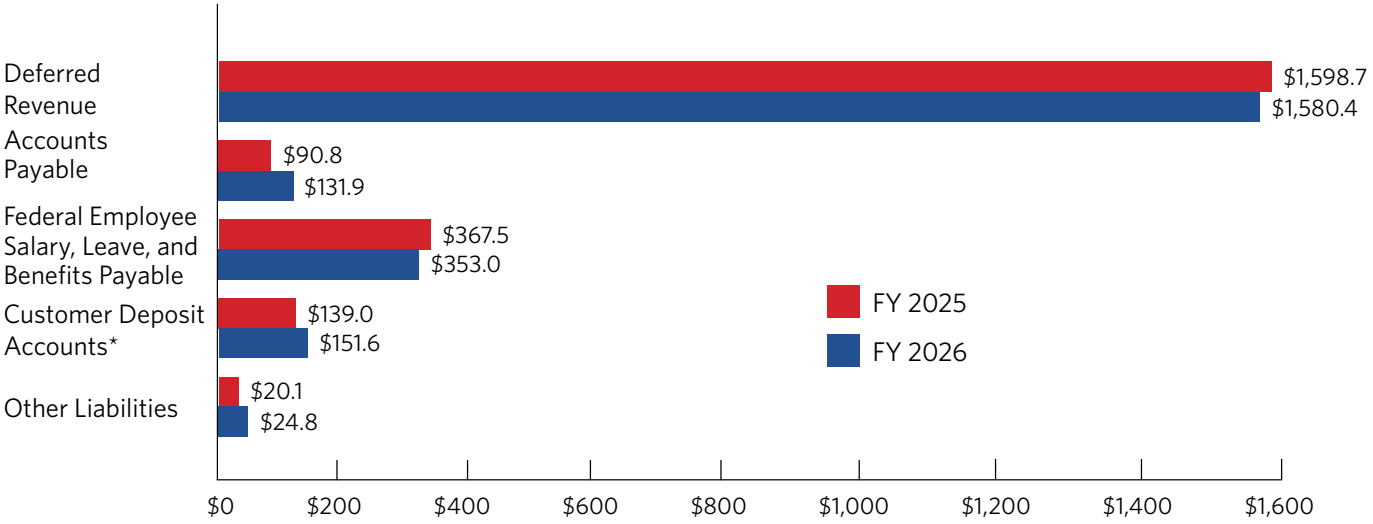
Property, Plant, and Equipment

The USPTO continued investing in IT to acquire the agency's second-largest asset—PP&E—during FY 2026. The net value of the USPTO's PP&E increased by $7.8 million over the last two fiscal years due to an increase in acquisition values of $71.5 million. The quality, efficiency, and productivity of patent and trademark operations correlate with the performance of their respective IT solutions and the underlying infrastructure on which they operate. The USPTO continuously invests in its business systems and the supporting IT infrastructure to keep pace with emerging business, legislative, and judicial needs, as well as constantly evolving technological standards. During FY 2026, USPTO IT product modernizations continued to focus on the employment of cloud-based solutions that improve reliability, offer stronger cybersecurity protection and an enhanced user experience, maximize process efficiencies, and enable emerging technologies such as SI. The USPTO is implementing SI and emerging technologies as integral toolsets in examination to reduce time to market for inventions and brands. These continued investments led to increases in software and software-in-development acquisition values, representing 83.7% of the agency's total PP&E, Net at the end of FY 2026.

Liabilities

The agency's total liabilities increased from $2,216.1 million at the end of FY 2025 to $2,241.7 million at the end of FY 2026, representing an increase of $25.6 million, or 1.2%. The agency's largest liability balance is Deferred Revenue at $1,580.4 million, followed by Federal Employee Salary, Leave, and Benefits Payable at $353.0 million. Figure 9 shows the composition of liabilities over the past two fiscal years.

FIGURE 9: COMPOSITION OF LIABILITIES *(dollars in millions)*



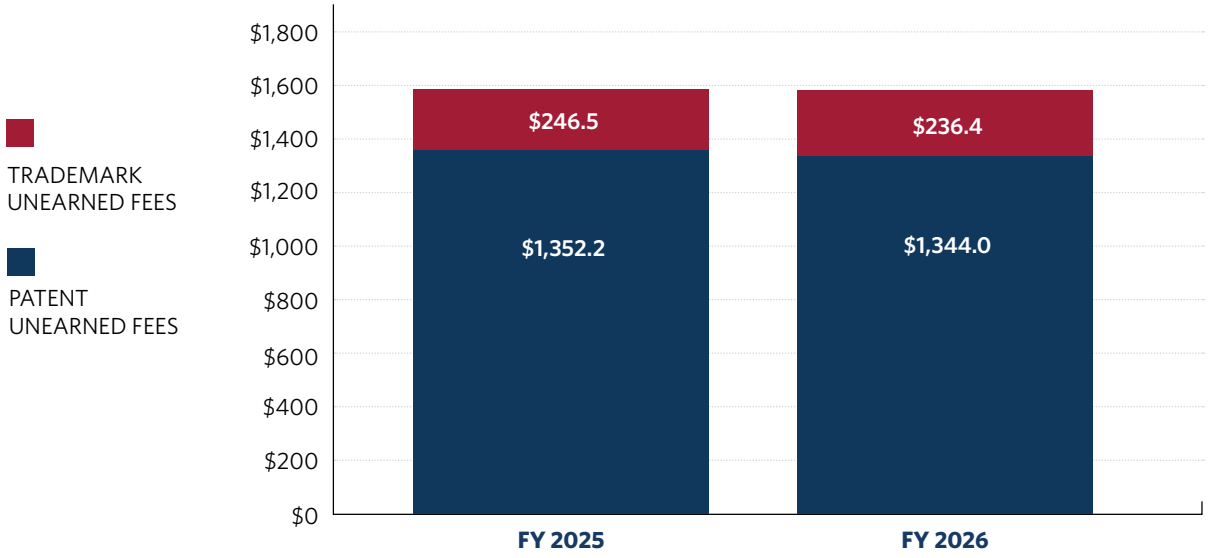
**Includes Undeposited Collections*

Deferred Revenue

The USPTO's Deferred Revenue (i.e., fees collected for services not yet provided) is the largest liability on the Balance Sheet and represents 70.5% of the agency's total liabilities at the end of FY 2026. The agency estimates deferred revenue liability by analyzing the operating process required to complete each fee service. To estimate deferred revenue liability, the USPTO applies the percentage of incomplete work from the pending inventory and total completion status relative to fee collections. FY 2026 saw a decrease of $18.3 million, or

1.1%, in deferred revenue liability from FY 2025. Figure 10 depicts the composition of agency deferred revenue liability over the past two fiscal years, including unearned patent and trademark fees; 85.0% of this liability is unearned patent fees. As the USPTO continues to reduce the unexamined application inventories and improve time to market for IP rights, deferred revenue will continue to decrease with it. See Performance highlights (page 19) for more information.

FIGURE 10: DEFERRED REVENUE LIABILITY *(dollars in millions)*



Deferred revenue at the USPTO is largely impacted by changes in patent and trademark filings, as well as unexamined patent and trademark application inventories at applicable fee rates. Decreases to these drivers result in decreases to deferred revenue. Revenue from amounts paid before January 2025 is recognized at lower fee rates, while revenue from more recent higher-fee payments is deferred.

During FY 2026, a 2.0 month decrease in wait time before a first action on a patent application (from 22.6 months to 20.6 months), combined with a 7.7% decrease in inventory, resulted in a 0.6% decrease in unearned patent fees (see page 19 for information on Patent Program pendency). Based on recent USPTO estimates that incorporate future demand, the agency anticipates that serialized patent application filings will increase 2.0% in FY 2027. The agency projects year-over-year improvements in the patent inventory, with a consistent reduction in the near future. This decrease in inventory will result in a decrease in patent deferred revenue.

Trademark deferred revenue decreased by $10.1 million, or 4.1%, from FY 2025 to FY 2026. During FY 2026, first action pendency decreased 1.5 months (from 5.6 months to 4.1 months), and trademark inventory decreased by 4.6% (see page 25 for information on Trademark Program pendency). Although trademark application filings were above plan in FY 2026, the USPTO anticipates they will return to historical growth rates in the future. The agency also expects that, at current examination rates, it will achieve its long-term trademark first action pendency and inventory per examiner target goals next year. As trademark inventory declines, trademark deferred revenue will have a corresponding reduction.

The Statement of Changes in Net Position (see page 93) presents changes to the USPTO's financial position due to results of operations (discussed in the next section), primarily annual net income and/or annual net costs.

Statement of Net Cost

The Statement of Net Cost (see page 92) presents the USPTO's results of operations according to the Patent and Trademark Programs. This presentation, delineated by the two primary responsibility segments of granting patents and registering trademarks, allows for clear alignment of the USPTO's budget plans and results of operations.

Table 5 presents the USPTO's total results of operations for this period. During FY 2026, the agency generated a net income of $491.7 million due to a decrease in costs, while earned revenue increased.

TABLE 5: NET COST/(INCOME) *(dollars in millions)*

	FY 2025			FY 2026		
	Program Cost	Earned Revenue	Net Cost	Program Cost	Earned Revenue	Net Income
PATENT	$ 4,052.2	$ (3,856.4)	$ 195.8	$ 3,920.8	$ (4,263.3)	$ (342.5)
TRADEMARK	567.1	(566.8)	0.3	540.8	(690.0)	(149.2)
Total	$ 4,619.3	$ (4,423.2)	$ 196.1	$ 4,461.6	$ (4,953.3)	$ (491.7)

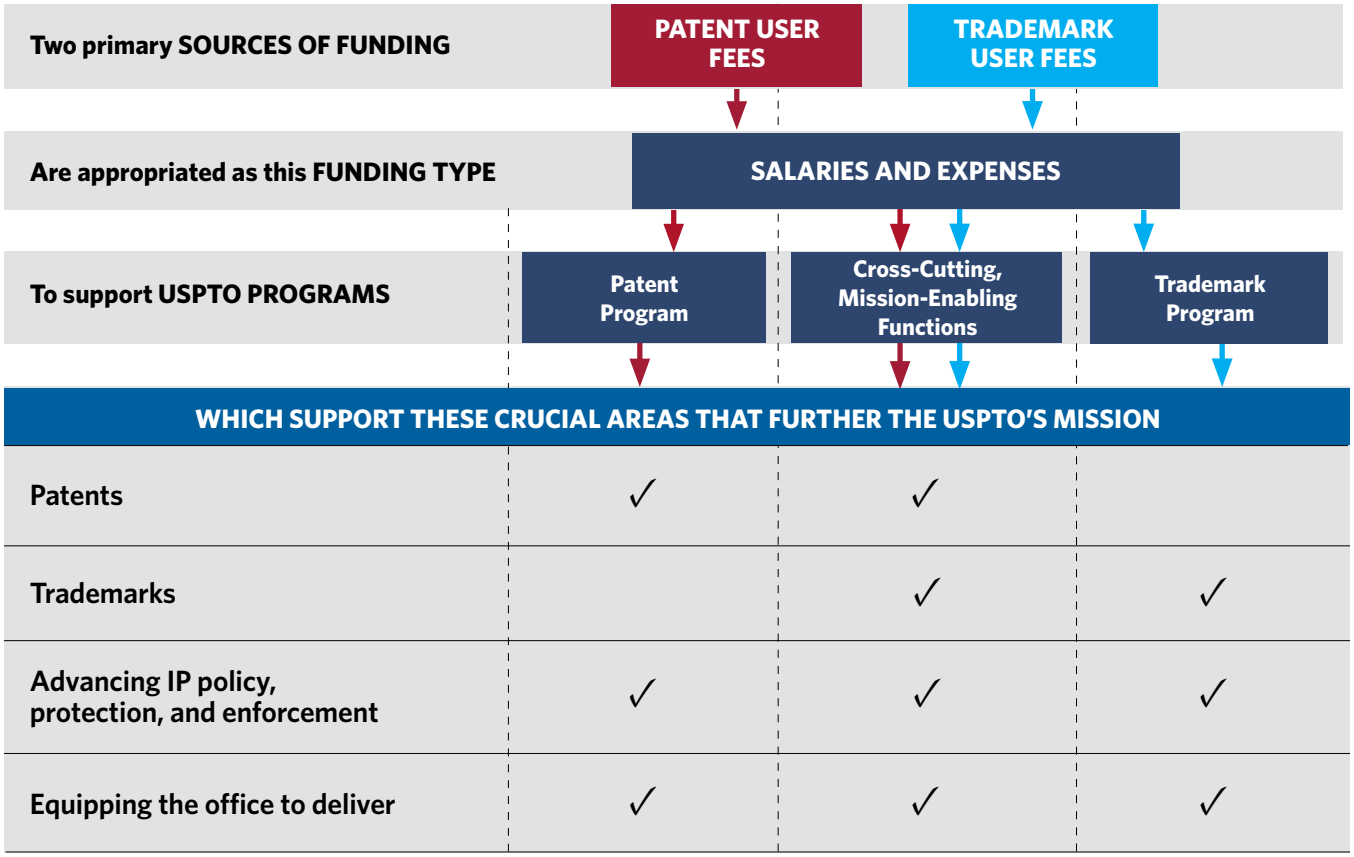
The Statement of Net Cost compares earned revenue (fees) to costs incurred during a given fiscal year. It is not necessarily an indicator of net income or net cost over the life of a patent or trademark. Instead, net income or net cost for the fiscal year is dependent upon work completed over various phases of the examination life cycle. The net income calculation reports fees earned during the fiscal year regardless of collection date. Maintenance fees largely determine total net income or net cost, as the agency considers these fees to be earned immediately. For example, maintenance fees collected in FY 2026 represent patents issued 3.5, 7.5, and 11.5 years ago that customers have elected to renew, rather than a reflection of patents issued during the year. Trademark renewal fees reflect trademarks registered between nine and 10 years ago, 19 and 20 years ago, 29 and 30 years ago, etc. These fees can have a significant impact on matching costs and revenue for the purpose of the Statement of Net Cost.

Earned Revenue

The USPTO derives earned revenue from fees collected for patent and trademark products and services. The agency recognizes fee collections as earned revenue when it completes the activities that accomplish the work associated with the fee.

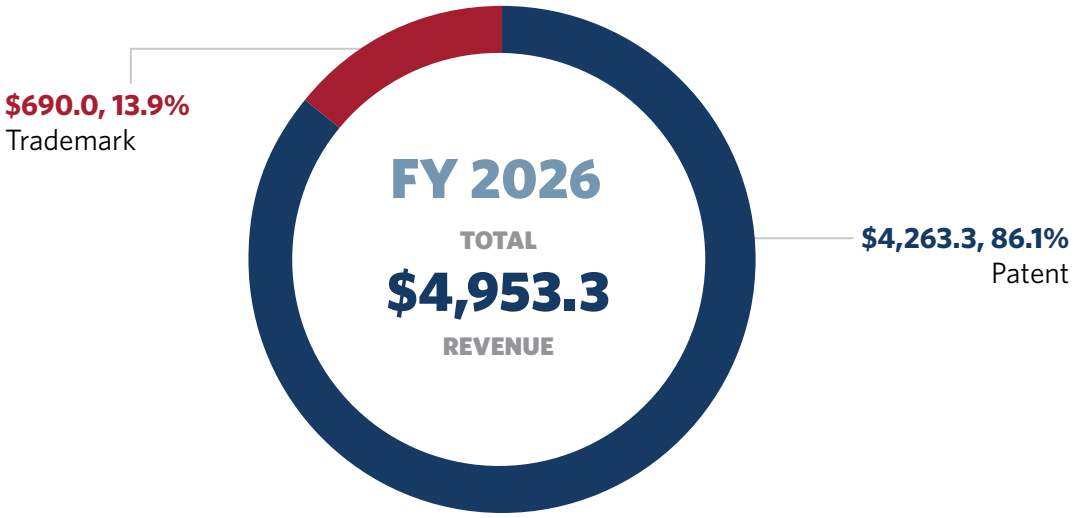
Figure 11 shows USPTO funding sources and how the agency uses each to deliver its mission and goals, thereby recognizing earned revenue.

FIGURE 11: USPTO FUNDING SOURCES



During FY 2026, the USPTO's earned revenue totaled $4,953.3 million—an increase of $530.1 million, or 12.0%, from FY 2025's earned revenue of $4,423.2 million. Of FY 2026's earned revenue, $1,020.4 million was derived from fees collected in a prior fiscal year with associated work performed during FY 2026; $2,252.4 million comprised maintenance and renewal fees collected during FY 2026 (earned immediately at the time of receipt); $1,678.4 million from fees collected and work performed during FY 2026; and $2.1 million from other reimbursable amounts. Figure 12 depicts earned revenue for the Patent and Trademark Programs.

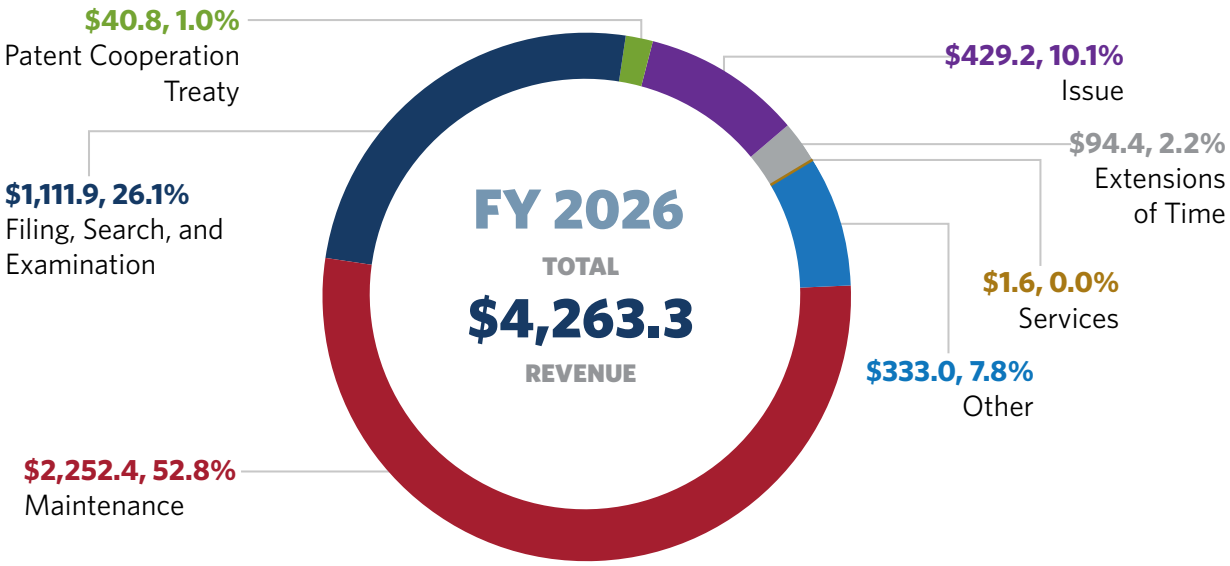
FIGURE 12: FY 2026 EARNED REVENUE *(dollars in millions)*



Patents

Traditionally, the major components of earned revenue derived from patent operations are maintenance fees; initial application fees for filing, search, and examination; and issue fees. These fees account for approximately 86.2% of total patent income. Figure 13 depicts shares of patent revenue by the most significant patent fee types.

FIGURE 13: FY 2026 PATENT EARNED REVENUE BY FEE TYPE *(dollars in millions)*



Overall, patent earned revenue increased $406.9 million, or 10.6%, from FY 2025 to FY 2026. Earned revenue for patent issue fees increased from $367.8 million in FY 2025 to $429.2 million in FY 2026, an increase of 16.7%. Earned revenue for patent application filings increased from $972.7 million in FY 2025 to $1,111.9 million in FY 2026, an increase of 14.3%.

Patent maintenance fees are the USPTO's largest source of earned revenue by fee type. During FY 2026, the agency's maintenance fee collections increased $191.5 million, or 9.3%, from FY 2025. To maintain exclusive rights, a patent holder must pay maintenance fees at three separate stages: 3.5, 7.5, and 11.5 years from the patent's issue date. Failure to pay these fees results in a lapse in patent protection, and the rights provided by the patent are no longer enforceable, returning the patent to the public domain for follow-on innovation. Maintenance fees may be paid during a "window period," the six-month period preceding each due date. Additionally, maintenance fees may be paid, with a surcharge, during the "grace period," the six-month period immediately following each due date. If a patent holder does not pay these fees in a timely manner and wants to have their rights reinstated, they must submit a petition and pay the requisite fees. The USPTO immediately recognizes maintenance fees as earned revenue, and fluctuations in both the timing of renewal payments and renewal rates could have a significant impact on the agency's total earned revenue. Table 6 depicts renewal rates for all three stages of maintenance fees based on the fiscal year of issue.

The USPTO's fee structure is designed to keep initial filing fees below the full cost of performing the agency's examination work to maintain lower barriers to entry for IP protection. Maintenance fee payments recover the remaining aggregate examination costs of performing the work, thereby providing the necessary aggregate financing to fund operations (i.e., the revenue from maintenance fees allows the agency to recoup costs incurred during the initial patent examination process). As a result, the USPTO closely monitors payment behaviors and renewal trends (both renewal rates and payment timing) to forecast maintenance fee revenue. At the end of FY 2026, the first stage patent renewal rate was 0.5% above FY 2025; second stage renewals were 0.2% below FY 2025; and third stage renewals were 0.1% below FY 2025. These figures will change slightly as the agency receives additional payments via petitions. A patent owner's decision to renew may be influenced by many factors, including federal court decisions, IP budgets, the patent's perceived value, the USPTO's fee rates, and the economy.

TABLE 6: USPTO RENEWAL RATES

Utility Patent Issue Date	Utility Issues	First Stage Renewal Rate	Second Stage Renewal Rate	Third Stage Renewal Rate
FY 2004	169,326	88.7%	70.6%	47.7%
FY 2005	151,090	88.0%	69.9%	46.4%
FY 2006	162,550	85.9%	67.4%	44.3%
FY 2007	160,331	86.8%	67.5%	44.3%
FY 2008	154,717	88.0%	67.1%	43.4%
FY 2009	165,222	87.5%	66.3%	41.6%
FY 2010	207,931	86.6%	66.1%	43.0%
FY 2011	221,366	85.9%	65.0%	42.6%
FY 2012	246,471	85.6%	64.7%	42.1%
FY 2013	265,993	85.9%	64.2%	41.6%
FY 2014	303,938	86.3%	65.4%	41.5%
FY 2015	295,460	86.3%	66.5%	
FY 2016	304,568	86.3%	66.2%	
FY 2017	315,367	85.8%	65.3%	
FY 2018	306,912	86.5%	65.1%	
FY 2019	336,846	87.3%		
FY 2020	360,771	87.0%		
FY 2021	338,333	86.7%		
FY 2022	318,505	86.2%		

Note: First stage refers to the end of the fourth year after the initial patent is issued; second stage refers to the end of the eighth year after the initial patent is issued; and third stage refers to the end of the 12th year after the initial patent is issued. For example, 86.2% of patents issued in 2022 paid the first stage maintenance fee. Past years' data may be revised from prior year reports.

In the 1980s, the USPTO implemented a congressionally-mandated fee structure that created maintenance fees intended to help recover total USPTO costs while keeping financial barriers to accessing the patent system low. This design set initial filing fees below the full cost of performing the agency's examination work and defers payment through maintenance fees as the invention returns revenue to the inventor. Should the invention prove to have little commercial value, the inventor has the option of permitting the patent to expire, thus avoiding all further fees.

Annually, maintenance fee revenue helps the USPTO recover the remaining aggregate examination costs of performing the work, thereby providing the necessary aggregate financing to fund operations (i.e., the revenue from maintenance fees allows the agency to recoup costs incurred during the initial patent examination process). The forecasting of maintenance fee revenue is important to the USPTO's financial sustainability

and includes two important components: historical patents issued (that is, production work performed by the USPTO 3.5, 7.5, and 11.5 years earlier, based in part on actual application filing volumes in those and previous years), and future renewal trends driven by maintenance fee payment behaviors. Data on the number of patents issued in the past is certain and helps mitigate risk in forecasting future revenue.

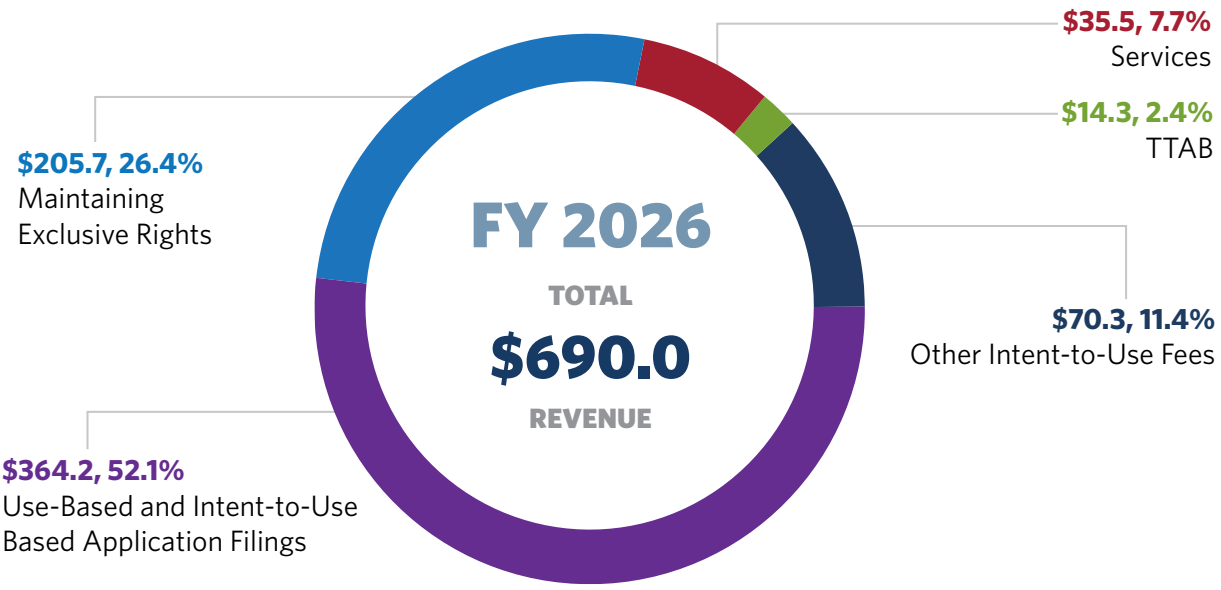
The USPTO closely monitors payment behaviors and renewal trends (both renewal rates and payment timing) to forecast maintenance fee revenue. A patent owner's decision to renew can be influenced by many factors, including federal court decisions, IP budgets, the patent's perceived value, the USPTO's fee rates, and the economy. After analyzing many years of historical maintenance payment behaviors and renewal trends, the USPTO has successfully mitigated much of the risk associated with forecasting maintenance fee revenue. The risk associated with forecasting new application filings is somewhat higher than maintenance fees because many external factors such as economic conditions, research and development activity, and legal and legislative parameters make it more difficult to predict inventors' decisions to file patent applications and pay associated fees.

Recent USPTO estimates indicate that serialized patent application filings will steadily increase at rates similar to historical levels in the outyears, though these projections are inherently uncertain and may fluctuate based on economic and other factors. Both maintenance fee and application filing forecasts are expected to contribute to continued budgetary resources and earned fee revenue.

Trademarks

Trademark fees comprise fees paid for application filing, maintaining exclusive rights (post-registration, including renewals), services, and the TTAB. The USPTO fee schedule also includes fees for intent-to-use filings, as these applications introduce additional requirements for registration. Figure 14 depicts the most significant trademark fee types.

FIGURE 14: FY 2026 TRADEMARK EARNED REVENUE BY FEE TYPE *(dollars in millions)*



Trademark registrations are renewable without limit, and renewal fees for maintaining exclusive trademark rights are an ongoing source of USPTO earned revenue. As with the patent fee schedule, trademark renewal fees offset the agency's costs during initial examination (though Trademarks is less dependent on renewal fees than Patents is on maintenance fees). In general, pro se and foreign registrants—both of whom comprise a growing share of new applicants—make fewer post-registration maintenance filings.

Overall, trademark earned revenue increased $123.2 million, or 21.7%, from FY 2025 to FY 2026. Earned revenue for trademark application filings rose from $295.5 million in FY 2025 to $364.2 million in FY 2026, an increase of 23.2%. This change in earned revenue occurred due to a reduction in the trademark inventory.

During FY 2026, deferred revenue decreased by 4.1%. Due to significant trademark examination efficiency gains, the agency earned more revenue. A 37.7% rise in earned revenue to maintain exclusive rights was also a driver of this growth: $205.7 million in FY 2026, up from $149.4 million in FY 2025. Total trademarks registered by the agency also increased by 3.6%, from 575,553 to 596,230 over the same period.

Program Costs

The USPTO's program costs consist of both direct operational costs and overall cross-cutting support costs that are managed centrally for operational efficiency and effectiveness and allocated to the Patent and Trademark Programs. The largest cross-cutting cost is IT, which patent examiners and trademark examining attorneys rely upon for every aspect of their work. In setting its annual spending plans, the agency maximizes resources directed to its statutorily mandated mission areas. For FY 2026, costs directly attributable to the Patent and Trademark Programs represented 80.4% of total USPTO costs. Allocated IT costs comprised 8.0%, and the remaining 11.5% was comprised of additional support costs allocated from the executing business areas to the Patent and Trademark Programs using activity-based cost accounting.

Program costs totaled $4,461.6 million for FY 2026, a decrease of $157.7 million, or 3.4%, over FY 2025 program costs of $4,619.3 million. Personnel services and benefits comprised approximately 67.8% of the USPTO's total program costs, by far the most significant of all cost categories. Major changes or fluctuations in staffing or pay directly impact overall program costs from year to year. Total direct and allocated personnel services and benefits costs for FY 2026 were $3,299.1 million, a decrease of $121.3 million, or 3.5%, over FY 2025's $3,420.4 million. This change primarily reflects slower growth in payroll compensation and benefits costs, driven by a reduction in onboard personnel from 13,777 at the end of FY 2025 to 13,534 at the end of FY 2026. Figures 15 and 16 depict the USPTO's FY 2026 program costs.

FIGURE 15: FY 2026 USPTO PROGRAM COSTS *(dollars in millions)*

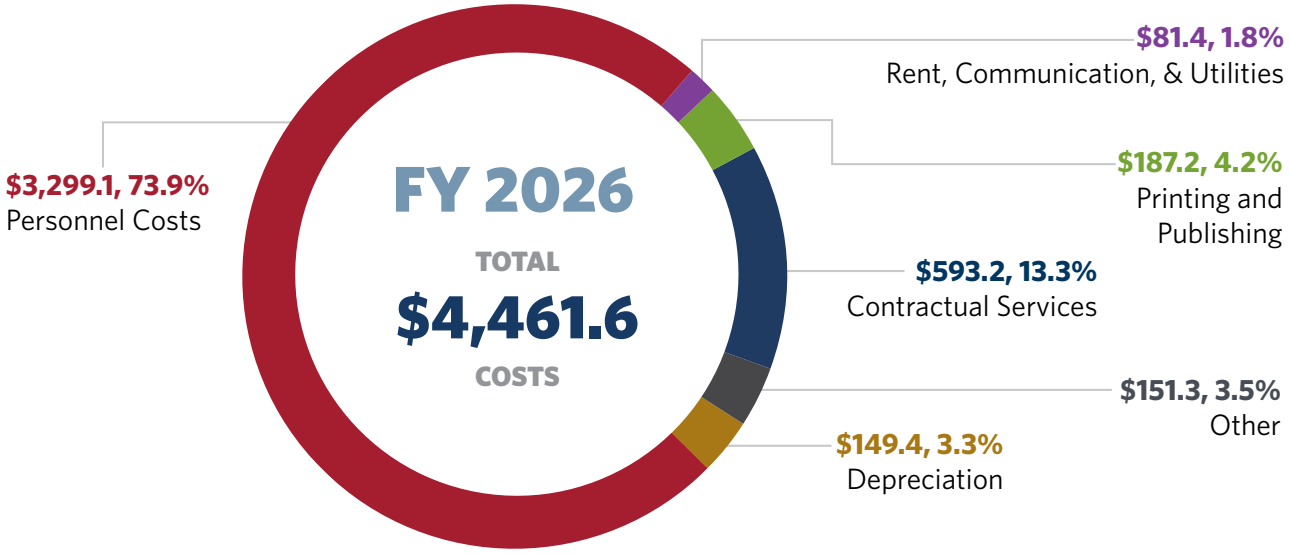
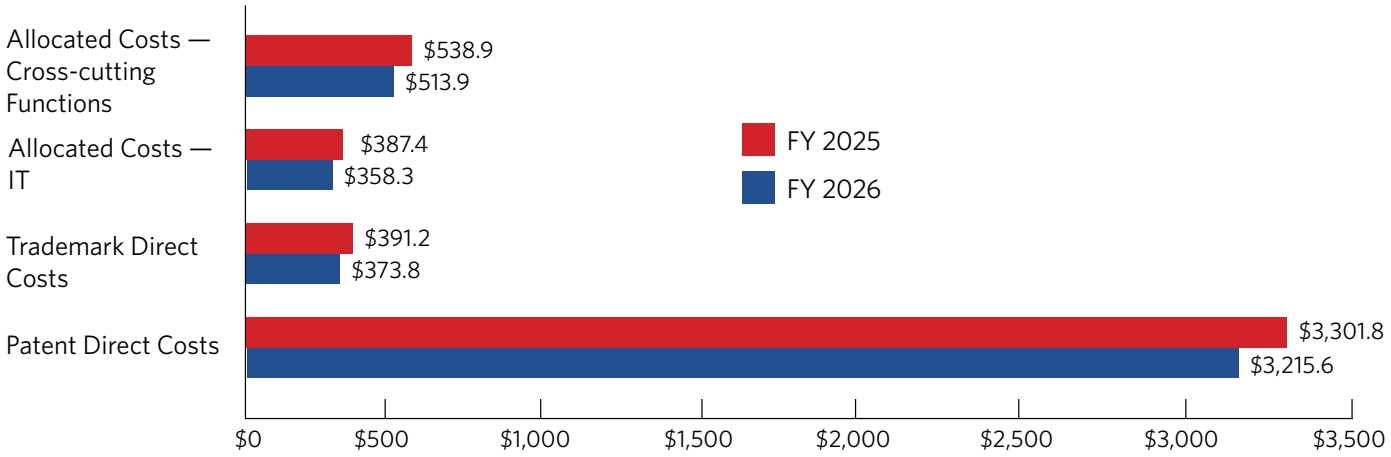


FIGURE 16: USPTO PROGRAM COSTS *(dollars in millions)*



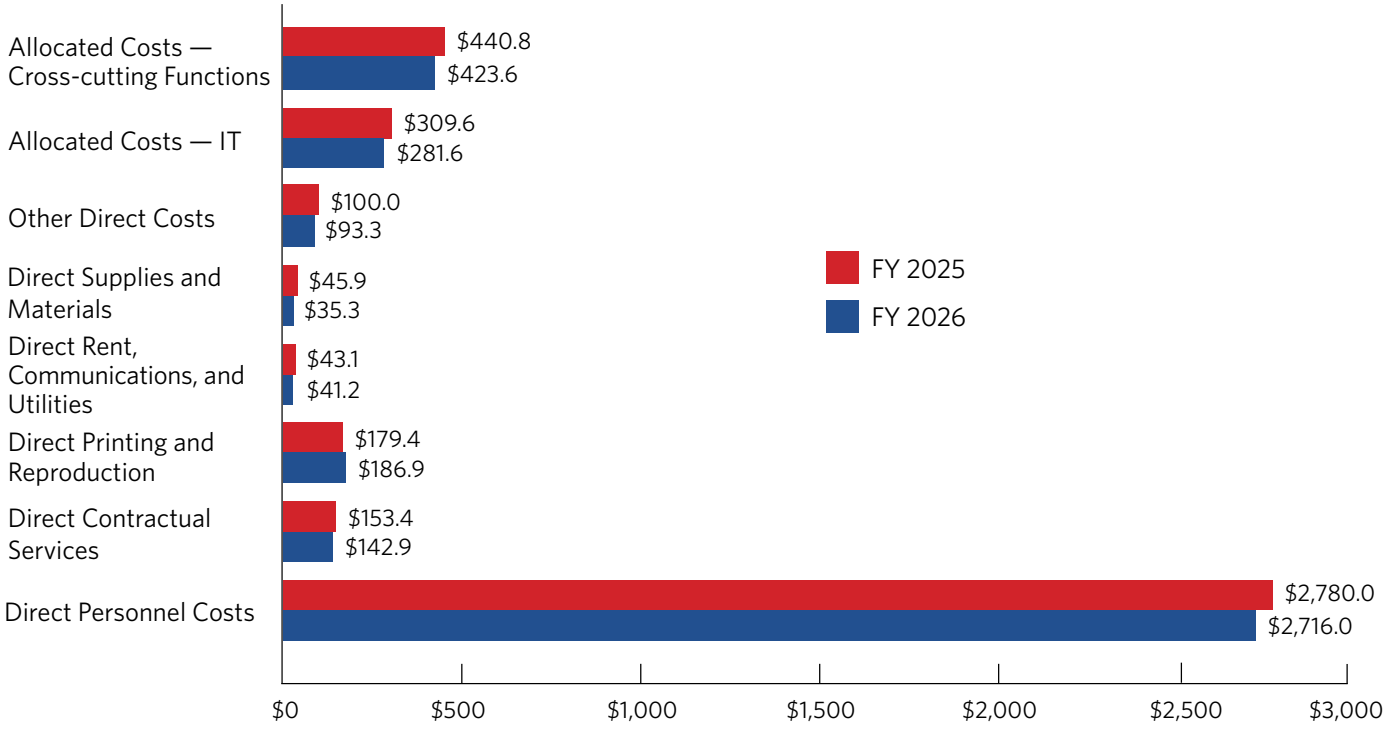
Patents

Total costs for the Patent Program decreased $131.4 million, or 3.2%, from FY 2025 to FY 2026. The Patents organization's most significant direct program costs were personnel services, which accounted for 69.3% of the decrease in total direct operational costs over the past two fiscal years. Patents' personnel costs for FY 2026 were $2,716.0 million, a decrease of $64.0 million, or 2.3%, over FY 2025's personnel costs of $2,780.0 million. This change primarily reflects a decrease in payroll compensation and benefits costs, as well as a net decrease of 78 personnel (from 10,899 at the end of FY 2025 to 10,821 at the end of FY 2026).

During FY 2026, the USPTO made significant progress in achieving its pendency goals by strategically balancing examination capacity with patent inventory and application demand, along with the implementation of transformative SI tools. The agency's success depends on a workforce of highly educated professional and scientific employees, all of whom are in high demand from private industry. The costs of hiring and upskilling new employees, including recruitment, new employee orientation, security background checks, and extensive training, leads to a negative return on investment if an employee leaves the USPTO after a short period of time. This increase in examining capacity during FY 2026 should position the USPTO to continue reducing time to market and improve its pendency metrics.

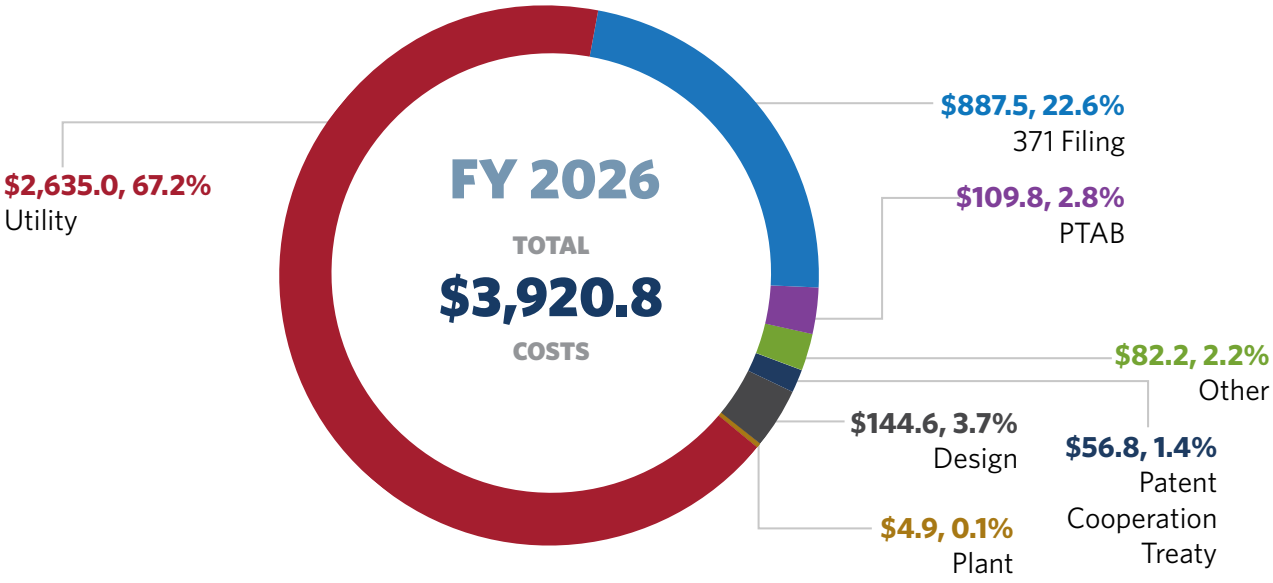
Costs allocated to Patents were $705.2 million, a decrease of $45.2 million, or 6.0%, from FY 2025's allocated costs of $750.4 million. This change primarily reflects shifts in allocated personnel costs and IT infrastructure cost. Figures 17 and 18 depict FY 2026 patent costs.

FIGURE 17: PATENT COSTS *(dollars in millions)*



The USPTO directed a majority of patent operational costs to two patent products: utility patents and international applications, also called 371 filings. Cost percentages include direct and indirect costs allocated to patent operations.

FIGURE 18: FY 2026 PATENT COSTS BY PRODUCT *(dollars in millions)*



Trademarks

Total costs for the Trademark Program decreased $26.3 million, or 4.6%, from FY 2025 to FY 2026. The Trademarks organization's most significant direct program costs were personnel services, which accounted for 57.5% of the decrease in total direct operational costs over the past two fiscal years. Trademarks personnel costs for FY 2026 were $310.7 million, a decrease of $14.1 million, or 4.3%, over FY 2025's personnel costs of $324.8 million. This change primarily reflects a decrease in payroll compensation and benefits costs, as well as a net decrease of 13 personnel (from 1,156 at the end of FY 2025 to 1,143 at the end of FY 2026). Costs allocated to Trademarks were $167.0 million, a decrease of $8.9 million, or 5.1%, over FY 2025's allocated costs of $175.9 million. This decrease in allocated costs primarily relates to IT cost decreases. The agency based these cost percentages on direct and indirect costs allocated to trademark operations. Figures 19 and 20 depict FY 2026 trademark costs.

FIGURE 19: TRADEMARK COSTS *(dollars in millions)*

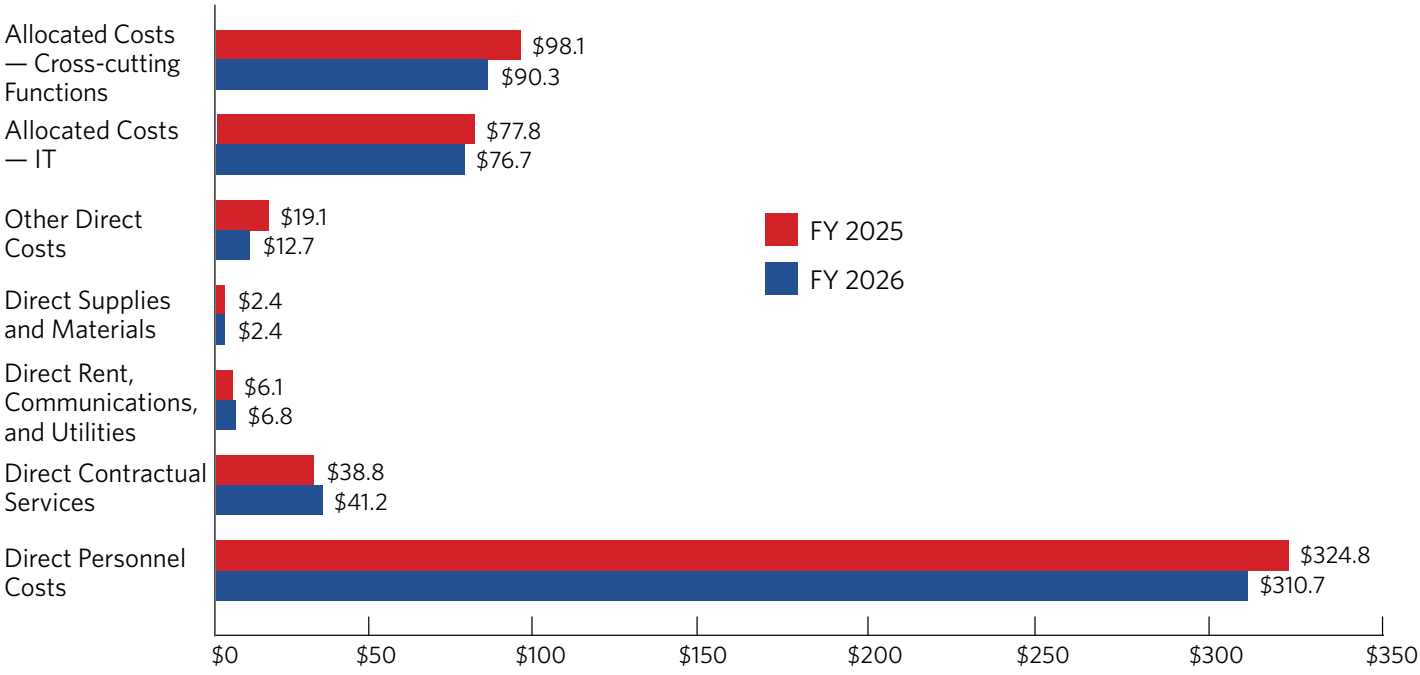
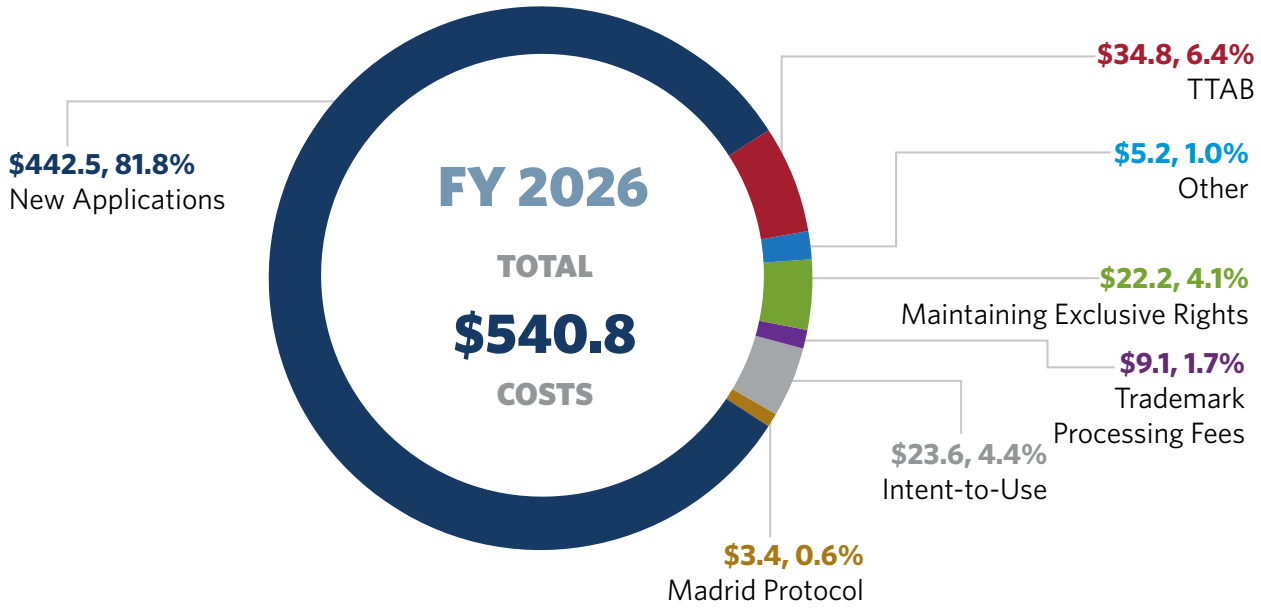


FIGURE 20: FY 2026 TRADEMARK COSTS BY PRODUCT *(dollars in millions)*



Statement of Budgetary Resources

Total budgetary resources available to the USPTO in any given year are directly related to annual fee collections associated with annual demand for the agency's services (as manifested in application filings and IP rights renewals), appropriation authority to spend fee collections, and the agency's operating reserves, including deposits to the PTFRF. The USPTO frequently reviews and analyzes operational and global economic data and forecasted operating expenses to assess the need for an adjustment to the patent and trademark fee schedules. These fee schedules are designed to achieve the agency's financial and operational targets while recovering aggregate operational costs. The USPTO's process to review, analyze, and set fees typically takes at least two years to complete.

The AIA established a statutory provision requiring the USPTO to deposit in the PTFRF those fees collected in excess of appropriated levels each fiscal year. Since the effective date of the PTFRF in FY 2012, excess fee collections were made available to the USPTO through its annual appropriation, subject to a routine reprogramming notification to Congress.

During FY 2026, the USPTO's total budgetary resources available for spending were 11.3% greater than FY 2025. The increase in budgetary resources from fee collections of $405.2 million during FY 2026 correlates to 12 months of higher fee rates versus nine months of higher fee rates in FY 2025.

In accordance with the USPTO's congressional appropriation for FY 2026 (Public Law 119-74), the USPTO was appropriated $4,956.0 million in anticipated fee collections. Actual FY 2026 collections amounted to $4,924.9 million, falling short of the appropriation (see figure 21). When fee collections are less than the agency's appropriated level, its appropriation is reduced to match actual fee collections. The agency's spending (budget) authority is currently higher than fee collections, as it includes the operating reserves.

During FY 2025, the USPTO operated under a full-year continuing resolution and was appropriated up to $4,195.8 million in anticipated fee collections. As of September 30, 2025, the USPTO collected $323.9 million

in patent and trademark fees in excess of the anticipated fee collections appropriated (see table 4). The USPTO deposited $278.6 million in patent fee collections and $45.3 million in trademark fee collections in the PTFRF at the end of FY 2025. The FY 2025 appropriation authorized the USPTO to spend these fees without further appropriation or fiscal limitation, subject to reprogramming requirements. The USPTO completed a reprogramming notification with congressional appropriators on March 1, 2026, and transferred these funds into the agency's regular spending account.

Figures 21 and 22 depict the USPTO's available budgetary resources during FY 2026 and their use in total obligations and the operating reserves, as reflected in the Statement of Budgetary Resources.

FIGURE 21: FY 2026 SOURCES OF FUNDS *(dollars in millions)*

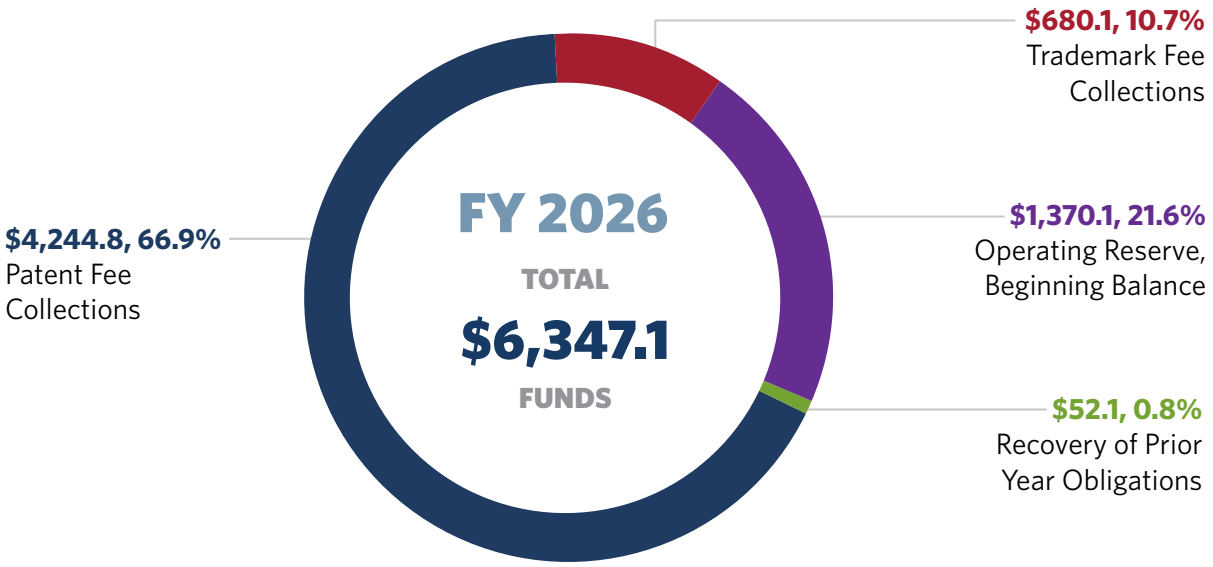
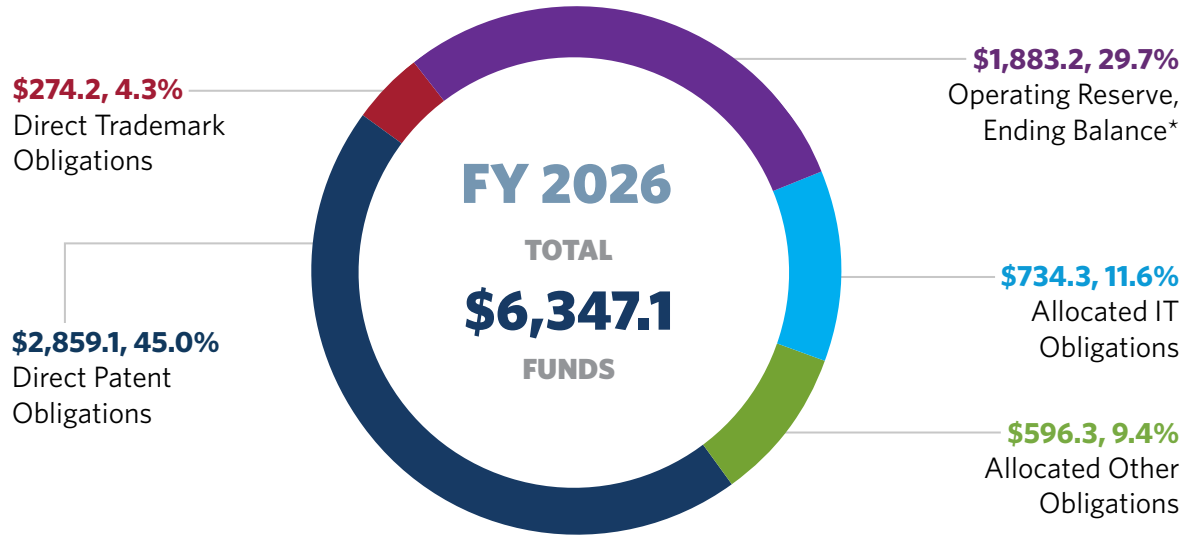


FIGURE 22: FY 2026 USES OF FUNDS *(dollars in millions)*



** These funds are retained and carried forward into FY 2027.*

Table 7 illustrates the USPTO's congressional appropriation of fee collections over the last two fiscal years, as well as cumulative unavailable fee collections.

TABLE 7: TEMPORARILY UNAVAILABLE FEE COLLECTIONS *(dollars in millions)*

	FY 2025	FY 2026
Fiscal Year Fee Collections	$ 4,519.7	$ 4,924.9
Fiscal Year Collections Appropriated	(4,519.7)	(4,924.9)
Fiscal Year Unavailable Collections	$ -	$ -
Prior Year Unavailable Collections	937.8	937.8
Subtotal	$ 937.8	$ 937.8
Special Fund Unavailable Receipts	233.5	233.5
Cumulative Temporarily Unavailable Fee Collections	$ 1,171.3	$ 1,171.3

Since FY 2013, the USPTO has not collected any fees designated as temporarily unavailable. As a result, the agency maintained its existing $937.8 million balance of temporarily unavailable fee collections during FY 2026 (shown in table 7 as Prior Year Unavailable Collections). In accordance with the OBRA, the agency maintains another $233.5 million in unavailable fee collections in a special fund receipt account at Treasury. These cumulative unavailable fee collections will remain in the USPTO's general fund account at Treasury until Congress appropriates their use. Unavailable balances are not reflected in the USPTO's Statement of Budgetary Resources but are included on the Balance Sheet as part of the agency's Fund Balance with Treasury (see discussion on page 62).

Limitation on Financial Statements

The principal financial statements included in this AFR were prepared by USPTO management to report the agency's financial position and operational results, pursuant to the requirements of 31 U.S.C. § 3515(b). While the statements were prepared from the USPTO's books and records in accordance with generally accepted accounting principles (GAAP) for federal entities and the formats prescribed in OMB Circular A-136 (revised), the statements are in addition to the financial reports used to monitor and control budgetary resources, which are prepared from the same books and records. The statements should be read with the understanding that they represent a component of the U.S. government, a sovereign entity.

Management Responsibilities

The USPTO's management is responsible for the fair presentation of information contained in the principal financial statements in conformity with GAAP, the requirements of OMB Circular A-136, and guidance provided by the DOC. Agency management is also responsible for fair presentation of the USPTO's performance measures in accordance with OMB requirements. The quality of the USPTO's internal control rests with management, as does the responsibility for identifying and complying with pertinent laws and regulations.

ANALYSIS OF SYSTEMS, CONTROLS, AND LEGAL COMPLIANCE

Management Assurances

United States Patent and Trademark Office

Under Secretary of Commerce for Intellectual Property and Director of the USPTO

On the basis of the USPTO's comprehensive internal control program in place during FY 2026, the USPTO can provide reasonable assurance that its internal control over the effectiveness and efficiency of operations, reporting, and compliance with applicable laws and regulations, as of September 30, 2026, was operating effectively. Accordingly, I am pleased to certify with reasonable assurance that the USPTO's systems of internal control, taken as a whole, comply with section 2 of the FMFIA. The USPTO also is in substantial compliance with applicable federal accounting standards and the U.S. Standard General Ledger at the transaction level, as well as federal financial system requirements. Accordingly, the USPTO fully complies with section 4 of the FMFIA, with no material non-conformances.

In addition, the USPTO conducted an assessment of the effectiveness of its internal control over reporting, which includes the safeguarding of assets and compliance with applicable laws and regulations, in accordance with OMB Circular A-123, Management's Responsibility for Internal Control. Based on the results of this evaluation, the USPTO provides reasonable assurance that its internal control over reporting, as of June 30, 2026, was operating effectively, and no material weaknesses were found in the design or operation of the internal control over reporting. In addition, no material weaknesses related to internal control over reporting were identified between July 1, 2026, and September 30, 2026.

John A. Squires
Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office

October 1, 2026

Federal Managers' Financial Integrity Act

To ensure the integrity of federal programs and operations, the FMFIA requires federal agencies to annually evaluate and report on the effectiveness and efficiency of their internal control and financial management systems. The USPTO's management is responsible for establishing and maintaining effective internal control and financial management systems that meet the objectives of the FMFIA. The objective of the USPTO's management control system is to provide reasonable assurance that:

- Obligations and costs comply with applicable laws
- Assets are safeguarded against waste, loss, unauthorized use, or misappropriation
- Revenues and expenditures applicable to agency operations are properly recorded and accounted for, permitting accurate accounts, reliable financial reports, and full accountability for assets
- Programs are efficiently and effectively carried out in accordance with applicable laws and management policy

During FY 2026, the USPTO reviewed its management control system in accordance with the requirements of the FMFIA, as well as OMB and DOC guidelines. The USPTO continually evaluates the efficiency of its operations using:

- Information obtained from reviews and audits conducted by the GAO and OIG
- Independent public accountants' opinions on the USPTO's financial statements
- Independent public accountants' reports on internal control and compliance with laws and regulations
- Evaluations conducted by other federal agencies, such as OPM
- USPTO internal evaluations, control assessments, and analyses

The multiple reviews instituted during FY 2026 provide assurance that USPTO systems and management controls comply with standards established under the FMFIA.

The revised Appendix A to OMB Circular A-123, Management's Responsibility for Internal Control, expands assurance beyond finance for internal controls over reporting. In preparing its statement of assurance, the USPTO considered activities related to the Digital Accountability and Transparency Act of 2014 (DATA Act), the OIG's Top Management Challenges, performance reporting, strategic plans and performance metrics, real property and asset management, and human resource reporting. The USPTO also considered controls related to its risk profile and fraud risk in providing assurance on internal controls. In addition, the USPTO is not identified on the GAO's High-Risk List related to controls governing various areas.

Managing Risk

The USPTO continued to manage risk associated with its complex mission and mission support activities. While not all uncertainty can be eliminated, effective risk management strategies are essential to mission success. ERM provides a framework for coordinating those strategies across the agency. Figure 23 illustrates the USPTO's ERM program implementation approach. In FY 2026, the USPTO finalized an ERM maturity matrix to better track the extent to which ERM is embedded within USPTO culture and processes. The agency also automated its risk register to track changes in risks, scores, and responses over time; consolidated the external audit function under the ERM program; and linked external audit findings and recommendations to the risk register. In addition, the USPTO continued to emphasize emerging risk trends through risk-based reviews and control assessments.

The ERM operating model includes a Risk Management Council (RMC) and Risk Champions Working Group (RCWG) to advance the ERM program agency-wide through coordinated oversight and support. The RMC provides executive insight and

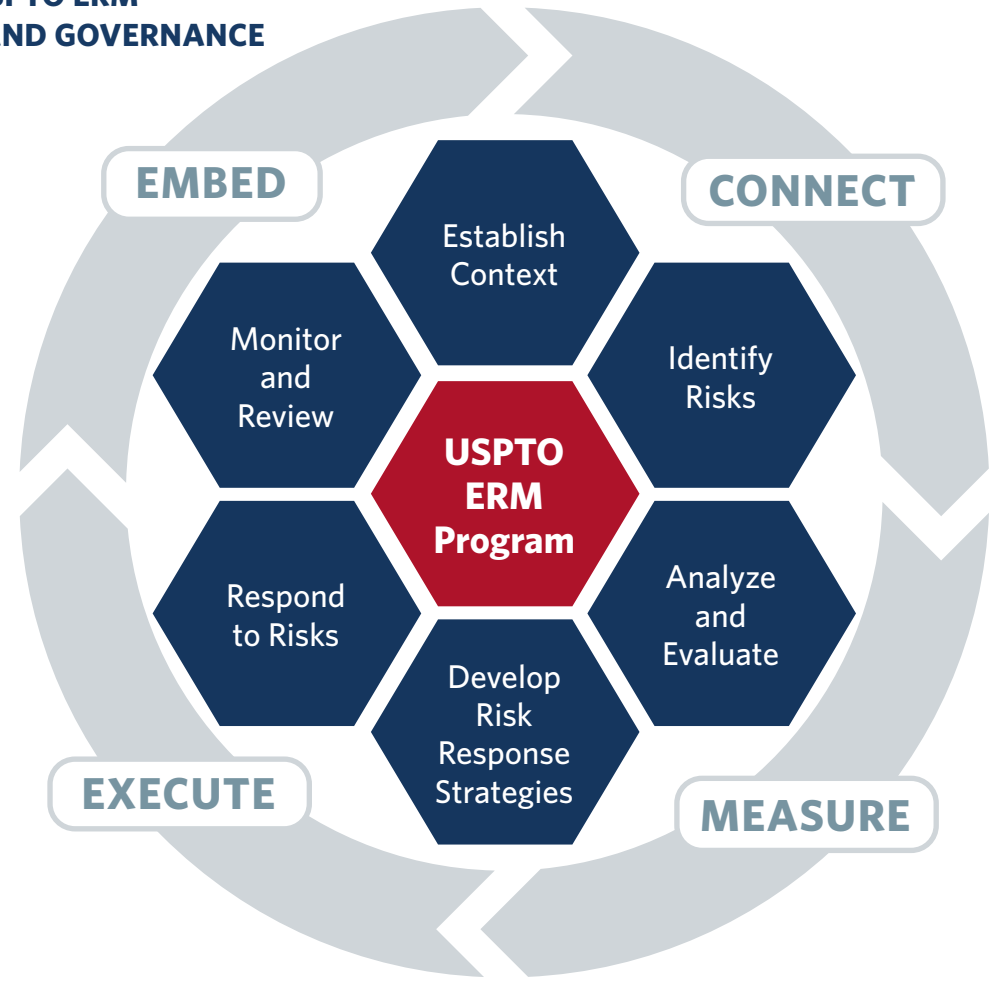
promotes a risk-aware culture across the agency. The RCWG supports the RMC as a cross-business unit risk advisory group that documents, evaluates, and communicates risks, including emerging and external risks, and helps connect risk owners, leadership, and ERM program activities. Together, these bodies strengthen accountability and support informed decision-making across the USPTO.

In FY 2026, the RMC and RCWG confirmed nine parent risks for the USPTO: Human Capital Management, Acquisition Management, Register Trademarks, Issue Patents, Financial Business Model, External Threat, Information Security, Super Intelligence, and Strategic Information Technology Management. The USPTO identified child risks associated with each parent risk, and the RCWG scored those child risks. The RMC considered those scores when assessing the overall risk level of each parent risk. Risk scoring parameters were aligned with OMB and DOC ERM guidance.

Federal Financial Management Improvement Act of 1996

The FFMIA of 1996 requires federal agencies to report on their substantial compliance with federal financial management system requirements, federal accounting standards, and the U.S. Standard General Ledger at the transaction level. In accordance with OMB Circular A-123, Appendix D, an agency achieves substantial compliance when its financial management systems routinely provide reliable and timely financial information for managing day-to-day operations, producing reliable financial statements, maintaining effective internal controls, and complying with legal and regulatory requirements. The USPTO complied substantially with the FFMIA during FY 2026.

FIGURE 23: USPTO ERM OPERATING AND GOVERNANCE



Other compliance with laws and regulations

Federal Information Security Management Act

The USPTO remains vigilant in reviewing administrative controls over information systems and identifies opportunities to improve its information security program.

The agency experienced multiple data security incidents during FY 2026, highlighting the challenges that can arise during the modernization of legacy systems. These incidents affected both the Patent and Trademark Programs and frequently stemmed from configuration and compliance issues. The USPTO recognizes the trust its customers place in the agency to protect sensitive data and takes that responsibility seriously. The agency's response to these incidents was multi-faceted and focused on both immediate remediation and long-term prevention, resulting in significant steps to strengthen data security practices. Actions included a thorough assessment of current system implementations, identification and closure of technical and process gaps, realignment of responsibilities, and establishment of new, easily auditable internal controls. These measures will ensure that the USPTO consistently applies robust data security practices and proactively prevents similar incidents in the future.

The USPTO plans to further enhance its data security posture by automating the evaluation of security controls through the annual assessment and authorization processes. Automation will leverage telemetry from enterprise cybersecurity and cloud native tools to provide dynamic system security, privacy risk posture monitoring, and control status via organizational, mission/business unit, and system level dashboards. In FY 2026, the agency began automating and digitizing its cybersecurity documentation, providing greater insight into its enterprise security posture. These insights allowed the USPTO to quickly identify gaps and reduce the risk of future similar incidents. The agency also documented system security plans and implementation statements for all systems and successfully migrated to the National Institute of Standards and Technology Special Publication 800-53, Revision 5 standard.

During FY 2026, the USPTO implemented specialized certification requirements for security training for various security roles, including Information System Security Officers and Information System Security Managers. This training is in addition to the requirements established in FY 2025 for cybersecurity leadership functions.

The USPTO fully leverages the Department of Justice's Governance, Risk, and Compliance Tool Joint Cybersecurity Authorization Management and has established processes requiring its use.

The USPTO continued its efforts to comply with FISMA standards to improve its security program. The agency's strategy for continuous monitoring includes conducting credentialed compliance and vulnerability scans both on-premises and in the cloud, including servers, network devices, databases, and web applications on an ad-hoc and bi-weekly basis. These scans ensure operating systems are configured in accordance with their security configuration baseline and appropriate software patch levels.

As it adopts new technology, the USPTO ensures its security configuration baselines are developed to maintain the security posture of the agency's IT environment. The agency is also conducting penetration testing of high-value assets to monitor the efficacy of security controls and design in protecting system confidentiality, integrity, and availability. In addition, the agency subscribes to the Cybersecurity and Infrastructure Security Agency's (CISA) Cyber Hygiene Services, which include weekly vulnerability and web application scanning of USPTO publicly accessible assets and web applications.



USPTO Director John A. Squires testifies before the House Judiciary Subcommittee on Courts, Intellectual Property, Artificial Intelligence in the Rayburn House Office Building. (Photo by Jay Premack/USPTO)

The USPTO also participates in the CISA Continuous Diagnostics and Mitigation (CDM) program via active participation in the DOC Enterprise Continuous Diagnostic and Monitoring (ECDM) program. As part of the DOC ECDM program, the USPTO has deployed numerous tools such as BigFix, SentinelOne, and Axonius. These three tools assist with endpoint management (BigFix), endpoint detection and response (SentinelOne), and cyber asset inventory (Axonius) across the USPTO. By participating in the DOC ECDM, the USPTO automates CISA CDM reporting requirements centered around binding operational directives, FISMA, and emergency directives.

The USPTO successfully met FISMA compliance requirements while meeting OMB reporting requirements. All USPTO systems achieved a 100% FISMA compliance reporting level for FY 2026, and no deficiencies were the result of any material weaknesses in internal control. As a result, the USPTO maintained its continuous monitoring and accurately summarized information according to OMB requirements for year-end reporting.

The Inspector General's Statement of Management Challenges for DOC (referred to in the Other Information section of this report) identifies IT security as a cause for concern department-wide. However, USPTO management does not believe that any USPTO-specific FISMA findings, either individually or collectively, rise to a level that would require treating them as material weaknesses.

The USPTO coordinates closely with the OIG to review annual assessments to gain additional insights and ensure compliance with requirements.

Improper Payments Elimination and Recovery Act

The USPTO continues to maintain internal control procedures that help monitor the disbursement of federal funds for valid obligations. The USPTO also assesses improper payment risks for all programs and activities as required by OMB Circular A-123, Appendix C, Requirements for Payment Integrity Improvement. The USPTO updates these improper payment risk assessments, including assessments of the control and procurement environments, annually. Additional details can be found in the Other Information section of this report (see page 131).

Prompt Payment Act

The Prompt Payment Act requires federal agencies to report on their efforts to make timely payments to vendors, as well as the amount of interest penalties paid for late payments. In FY 2026, the

USPTO made timely payments on 99.9% of the 4,439 vendor invoices it processed, representing payments of approximately $912.3 million. Of the five invoices the USPTO did not process in a timely manner, the agency was required to pay interest penalties on three. The USPTO paid $1.45 in interest penalties for every million dollars disbursed in FY 2026. Virtually all recurring payments were processed by electronic funds transfer, in accordance with the electronic funds transfer provisions of the Debt Collection Improvement Act of 1996.

Debt Collection Improvement Act

The Debt Collection Improvement Act prescribes standards for the administrative collection, compromise, suspension, and termination of federal agency collection actions, as well as standards for making referrals to the proper agency for litigation. Although the act has no material effect on the USPTO since it operates with minimal delinquent debt, the agency has transferred all debt more than 120 days old to Treasury for cross-servicing.

DATA Act of 2014

The DATA Act aims to increase the accessibility, accuracy, and usefulness of federal spending information. It establishes government-wide data standards for financial data, seeks to simplify financial reporting, and provides consistent, reliable, accurate, and searchable spending data available to taxpayers and policy makers on USASpending.gov.

The USPTO has continually expanded internal agency management practices to ensure the accuracy of federal spending information. With each applicable contract obligation in the financial system of record (Momentum Financials), an automated draft record is created in the government-wide Federal Procurement Data System (FPDS) for contract specialist review and validation. Once the USPTO processes the financial obligation in Momentum Financials, the contracting specialist is responsible for finalizing the FPDS record within three business days after contract award, in accordance with Federal Acquisition Regulation Part 4.604. The USPTO's policy requires the contract specialist to finalize the record within one business day to ensure compliance with the regulation. As an internal control to ensure that all applicable contract actions are finalized in FPDS, the USPTO cross-references FPDS data with information in Momentum Financials to ensure all completed actions have a corresponding finalized FPDS entry. On a monthly basis, the USPTO matches results from a Momentum Financials report to FPDS data to verify actual actions processed. Every month, the USPTO validates financial and obligation data against Treasury and FPDS reporting via the USASpending.gov DATA Act broker. Once validation is complete, the DOC combines the USPTO's data with the rest of the DOC's DATA Act data and uploads it to USASpending.gov.

In accordance with DATA Act requirements, for each reporting period within FY 2026, the USPTO reported financial and payment data per data standards established by Treasury and the OMB. The USPTO successfully reconciled all financial data, without exception, to the data reported separately to Treasury in the government-wide Treasury Account Symbol Adjusted Trial Balance System. At the end of the fiscal year, the USPTO successfully reconciled procurement data to FPDS-Next Generation actions.

Other systems and control considerations

Financial Management Systems Strategy

The overall USPTO financial management function includes four products: the Financial Management Product; the Fee Management Product; the Planning, Budgeting, and Governance Product; and the Enterprise Business Data Management Product. The USPTO has migrated almost all of its financial management product components to the cloud. The final area to be migrated relates to data sets in the Enterprise Data Warehouse; this work is in progress and will be completed in early FY 2027.



National Inventors Hall of Fame (NIHF) Illumination Ceremony for the inductees to the class of 2026 held in the NIHF Museum at the USPTO. (Photo by Jay Premack/USPTO)

The Financial Management Product leverages several commercial-off-the-shelf (COTS) components, including a core financial and acquisition tool, Momentum; a supplemental acquisition tool, Aeon; and a travel tool, Concur. The Financial Management Product supports acquisition, payroll, travel, accounting, and funds management. During FY 2026, the USPTO completed its annual core financial system upgrade and began piloting an SI assistant for internal users. In FY 2027, the USPTO will focus on migration to the GO.gov travel management system and gain additional efficiencies by using SI.

The Fee Management Product is a custom-developed solution that integrates with Momentum as the USPTO revenue subsidiary ledger. This product provides customers with the ability to see maintenance fee due dates, obtain pricing, make fee payments, obtain fee refunds, manage stored payment accounts, and view historical transactions. During FY 2026, the USPTO began leveraging SI development tools and piloting an SI assistant for internal users. In FY 2027, the USPTO will continue to employ SI throughout software delivery and operations to gain efficiencies and more quickly respond to external threats.

The Planning, Budgeting, and Governance Product leverages COTS components: Oracle Enterprise Performance Management and Oracle APEX for its budget and performance management function, and Cost Perform for its cost accounting function. During FY 2026, the USPTO began leveraging SI development tools, creating an automated ERM tool and replacing its budget execution tool. In FY 2027, the USPTO will continue to employ SI to replace its budget formulation tool.

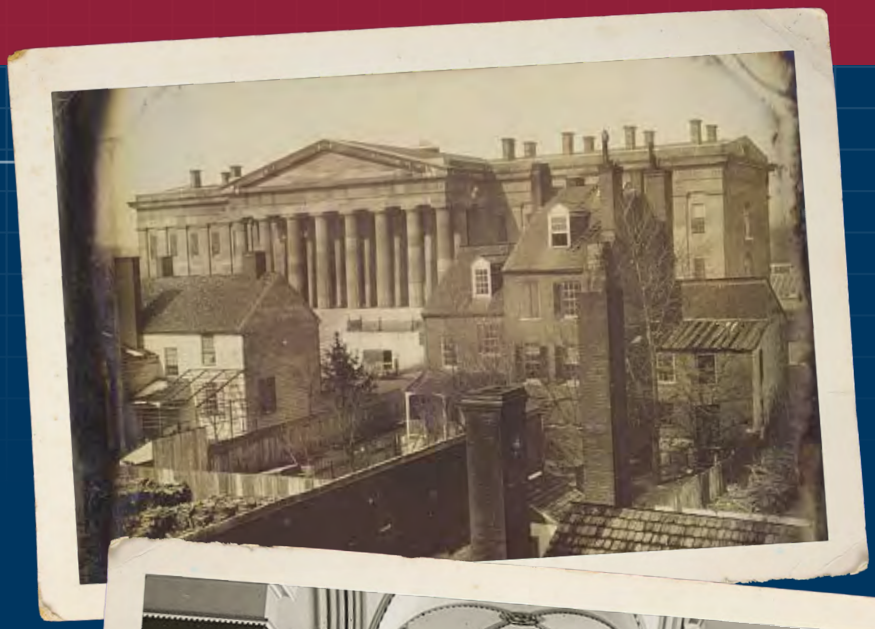
The Enterprise Business Data Management product consists of a collection of data stores housing authoritative data from across the agency and the tools needed to turn that data into business intelligence to inform decision-making. The financial management function primarily leverages structured data within the data store known as the Enterprise Data Warehouse and its business intelligence tools, Alteryx and Tableau. As USPTO culture shifts toward viewing data as a strategic asset within a robust governance model, usage of these tools, as well as tools provided by the Databricks platform, is expected to increase exponentially. During FY 2026, the USPTO moved business intelligence and data pipeline tools to the cloud. In FY 2027, the USPTO will continue to focus on implementing a robust self-service model for data usage.

The Enterprise Business Data Management product also provides storage for unstructured data, including scanned check images and receipt documents from the Fee Management Product and vendor submissions from the Financial Management Product.

Financial Information

THE TEMPLE OF INNOVATION

When the first dedicated Patent Office building opened its doors in 1840, it became one of the premier tourist attractions in Washington, D.C. One of the artifacts on display in the Patent Office museum was the Declaration of Independence.





1776-2026

USPTO

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MESSAGE FROM THE CHIEF FINANCIAL OFFICER (UNAUDITED)



***Michelle J. Rahn**, Acting Chief Financial Officer*

Coinciding with America's 250th birthday, FY 2026 was a year for reflection: to consider how our nation has evolved and stood the test of time, and the role that IP has and will continue to play in its successes. This report is a mirror of that thoughtful deliberation—Director Squires' introductory letter highlights the USPTO's most recent achievements; the performance section dives deep into where we met, and why we sometimes missed the mark; and historical facts scattered throughout these pages help tell our story through the centuries. It's only fitting that as we wrap up this year of celebration, we also look back at how far our OCFO has come as a responsible steward of the dollars our stakeholders entrust to us to protect their inventions and brands.

To get a full picture of the agency's modern financial maturity journey, we have to travel back to two key pieces of legislation enacted in November 1990. The first, the OBRA, established the USPTO as a fully fee funded federal agency. The second, the CFO Act, gave federal financial management authority to the OMB, installed CFO positions across the Executive Branch, and directed the annual audit of agencies' financial statements. The USPTO financial statements were audited for the first time in 1994, beginning a long tradition of 34 consecutive clean audit opinions as of FY 2026.

At the dawn of the 21st century, the AIPA ushered in another new era for the agency, bestowing it with administrative independence and restructuring it as a performance-based organization with political appointee leadership at the Under Secretary level. Just a few years later, in 2005, Congress began appropriating the USPTO's total annual fee collections estimate, a reversal of the 1990s practice of partial appropriation. The Great Recession of 2008 brought even bigger changes and challenges. As its effects negatively impacted the agency's finances and operational posture, the USPTO began advocating within Congress for private sector business tools to mitigate the risk of short- and long-term economic shocks.

That advocacy paid off in 2011 with enactment of the AIA. Among other provisions, the AIA gave the USPTO fee setting authority and full access to its fee collections through the PTFRF, and delivered foundational tools for the agency to maintain strategic operating reserves. With these new flexibilities and the evolving IP landscape, the OCFO appreciated the need for greater agency-wide collaboration and oversight on budgetary matters, leading to the creation of the USPTO Financial Advisory Board in 2015. This sustainable funding model—enabled through legislative action and careful, collaborative planning at the agency level—helped the USPTO withstand economic volatility that significantly impacted other organizations across the federal government during the mid-2010s.

Looking back now, these steps were perfectly aligned for the USPTO to successfully weather the global pandemic and other challenges of the 2020s. During FY 2026, the OCFO's four

offices—the Office of Financial Management Systems (OFMS), Office of Finance (OF), Office of Planning and Budget (OPB), and Office of Procurement (OP)—each worked within our statutory framework to fully resource patent and trademark examination, meet Administration priorities timely, and continuously provide the best value to the USPTO's stakeholders.

Among other achievements, the OFMS completed an annual financial management system upgrade in compliance with Treasury's Financial Quality Service Management Office (with zero impacts to agency customers!), providing a foundation for new and creative SI initiatives within the USPTO's financial management IT portfolio. In fact, in late FY 2026, the OFMS deployed "Ask Mom," an SI assistant for users of Momentum, the USPTO's overarching financial management system. This tool answers common questions from agency users that previously required human response, introducing efficiencies into our financial processes.

The OF, in addition to producing this report, implemented and collected new fines related to fraudulent status assertions in patent applications to the tune of hundreds of thousands of dollars, while also securing the aforementioned 34th consecutive clean audit opinion on the agency's financial statements. The OPB worked with the USPTO's business units to formulate and execute budgets spanning three different fiscal years, with annual forecasts within 0.5% variance of actual fee collections as compared to the revalidated year for FY 2026. As our budget planners and bill payers, the OPB and the OF controlled the flow of our nearly $5 billion appropriation with no critical variances in the USPTO's ledgers.

The OP worked within its already constrained procurement action lead times to award faster, smarter, and compliant acquisitions that continue to drive the agency forward, while also navigating accelerated timelines associated with the Revolutionary Federal Acquisition Regulation Overhaul. It also seamlessly delivered continuous contracted services across the agency, including bringing a new vendor to the cafeteria on our Alexandria campus. It has been a joy to see our employees enjoy each other's company over meals and breaks since the space reopened to rave reviews.

And, working together, the OCFO successfully and strategically managed the agency's operating reserves for the duration of the historic government shutdown in fall 2025, with the USPTO open for business without interruption. This success was many years in the making, enabled by long-term, collective efforts of the OCFO to prudently plan for just such an occasion. Our work might not be flashy, but we are steadfast in our commitment to strive for excellence every day.

I hope the leaders who placed their confidence in the USPTO to grant the agency these incredible financial flexibilities would be proud of the agency at this time. Our amazing OCFO team—and the broader agency workforce—have proven worthy of every permission. I appreciate our business unit partners, our DOC colleagues, our stakeholders, and our auditors for their dedication to continuous improvement. On behalf of the OCFO team, thank you. The USPTO is well positioned to stand the test of time for the next 250 years and beyond because of you!



Michelle J. Rahn
Acting USPTO Chief Financial Officer
November 4, 2026

PRINCIPAL FINANCIAL STATEMENTS

UNITED STATES PATENT AND TRADEMARK OFFICE
BALANCE SHEETS

As of September 30, 2026 and 2025

(Dollars in Thousands)	2026	2025
ASSETS		
Intragovernmental:		
Fund Balance with Treasury (Note 2)	$ 4,048,120	$ 3,343,252
Accounts Receivable, Net (Note 3)	307	780
Advances and Prepayments (Note 6)	6,861	5,352
Total Intragovernmental	4,055,288	3,349,384
With the Public:		
Cash and Other Monetary Assets (Note 4)	28,536	15,698
Accounts Receivable, Net (Note 3)	534	448
General Property, Plant, and Equipment, Net (Note 5)	300,434	292,628
Advances and Prepayments (Note 6)	32,419	28,210
Total with the Public	361,923	336,984
Total Assets (Note 7)	$ 4,417,211	$ 3,686,368
LIABILITIES		
Intragovernmental:		
Accounts Payable	$ 12,192	$ 13,867
Other Liabilities:		
Benefit Program Contributions Payable (Note 10)	22,942	20,486
Customer Deposit Accounts (Note 7)	9,839	11,172
Total Intragovernmental	44,973	45,525
With the Public:		
Accounts Payable	119,692	76,900
Federal Employee Salary, Leave, and Benefits Payable (Note 10)	324,272	340,115
Post-Employment Benefits Payable (Note 10)	5,833	6,934
Advances from Others and Deferred Revenue (Note 9)	1,580,380	1,598,695
Other Liabilities:		
Customer Deposit Accounts (Note 7)	141,738	127,874
Lease Liabilities (Note 11)	20,984	19,983
Contingent Liabilities (Note 12)	3,840	125
Total with the Public	2,196,739	2,170,626
Total Liabilities (Note 8)	$ 2,241,712	$ 2,216,151
NET POSITION		
Cumulative Results of Operations		
Funds from Dedicated Collections (Note 14)	2,175,499	1,470,217
Total Net Position	$ 2,175,499	$ 1,470,217
Total Liabilities and Net Position	$ 4,417,211	$ 3,686,368

The accompanying notes are an integral part of these financial statements.

UNITED STATES PATENT AND TRADEMARK OFFICE
STATEMENTS OF NET COST
For the years ended September 30, 2026 and 2025

(Dollars in Thousands)	2026	2025
PATENT		
Program Cost	$ 3,920,809	$ 4,052,194
Program Earned Revenue	(4,263,367)	(3,856,407)
Net Program (Income)/Cost	(342,558)	195,787
TRADEMARK		
Program Cost	540,809	567,100
Program Earned Revenue	(689,983)	(566,814)
Net Program (Income)/Cost	(149,174)	286
Net (Income)/Cost of Operations (Note 14)	$ (491,732)	$ 196,073
TOTAL		
Total Program Cost (Notes 15 and 16)	$ 4,461,618	$ 4,619,294
Total Earned Revenue	(4,953,350)	(4,423,221)
Net (Income)/Cost of Operations (Note 14)	$ (491,732)	$ 196,073

The accompanying notes are an integral part of these financial statements.

UNITED STATES PATENT AND TRADEMARK OFFICE
STATEMENTS OF CHANGES IN NET POSITION
For the years ended September 30, 2026 and 2025

(Dollars in Thousands)	2026 Funds from Dedicated Collections	2025 Funds from Dedicated Collections
CUMULATIVE RESULTS OF OPERATIONS		
Beginning Balances	$ 1,470,217	$ 1,440,995
Transfers Out Without Reimbursement	(2,450)	(2,440)
Imputed Financing	216,000	227,735
Net Income/(Cost) of Operations	491,732	(196,073)
Net Change in Cumulative Results of Operations	705,282	29,222
Cumulative Results of Operations - Ending	$ 2,175,499	$ 1,470,217
Net Position, End of Year	$ 2,175,499	$ 1,470,217

The accompanying notes are an integral part of these financial statements.

UNITED STATES PATENT AND TRADEMARK OFFICE
COMBINED STATEMENTS OF BUDGETARY RESOURCES
For the years ended September 30, 2026 and 2025

(Dollars in Thousands)	2026	2025
BUDGETARY RESOURCES		
Unobligated Balance, Brought Forward (Note 17)	$ 1,370,101	$ 1,141,901
Recoveries of Prior Year Obligations	52,127	43,717
Unobligated Balance from Prior Year Budget Authority, Net (discretionary)	1,422,228	1,185,618
Spending Authority from Offsetting Collections (discretionary)	4,924,832	4,519,053
Total Budgetary Resources	$ 6,347,060	$ 5,704,671
STATUS OF BUDGETARY RESOURCES		
New Obligations (Note 17)	$ 4,463,874	$ 4,334,570
Unobligated Balance, End of Year:		
Apportioned	1,883,186	1,046,176
Unapportioned	-	323,925
Total Unobligated Balance, End of Year:	1,883,186	1,370,101
Total Status of Budgetary Resources	$ 6,347,060	$ 5,704,671
OUTLAYS, NET		
Net Collections (discretionary)	$ (695,129)	$ (163,140)

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

As of and for the years ended September 30, 2026 and 2025

NOTE 1. Summary of Significant Accounting Policies

Basis of Presentation

As required by the CFO Act of 1990 and 31 U.S.C. §3515(b), the accompanying financial statements present the financial position, net cost of operations, and budgetary resources for the USPTO. The books and records of the USPTO serve as the source of this information.

These financial statements were prepared in accordance with GAAP and the form and content for entity financial statements specified by OMB in Circular No. A-136, *Financial Reporting Requirements*, as amended, as well as the accounting policies of the USPTO. Therefore, these statements may differ from other financial reports submitted pursuant to OMB directives for the purpose of monitoring and controlling the use of the USPTO's budgetary resources. GAAP for federal entities are the standards prescribed by the Federal Accounting Standards Advisory Board (FASAB), which is the official body for setting the accounting standards of the federal government.

The USPTO presents cost of operations by program. Program costs consist of costs related directly to the agency's primary responsibilities, granting patents and registering trademarks. All costs are assigned to specific programs.

Throughout these financial statements, assets, liabilities, revenues, and costs have been classified according to the type of entity with which the transactions are associated. Intragovernmental assets and liabilities are those from or to other federal entities. Intragovernmental earned revenues are collections or accruals of revenue from other federal entities, and intragovernmental costs are payments or accruals to other federal entities.

The USPTO is a component of the U.S. Government. For this reason, some of the assets and liabilities reported by the entity may be eliminated for government-wide reporting because they are offset by assets and liabilities of another U.S. Government entity. These financial statements should be read with the realization that they are for a component of the U.S. Government.

The federal budget classifies the USPTO under the Other Advancement of Commerce (376) budget function. The USPTO does not have lending or borrowing authority. The USPTO does not transact business among its own operating units.

The USPTO is not subject to federal, state, or local income taxes. Accordingly, no provision for income taxes is recorded. Allocation transfers are legal delegations by one department of its authority to obligate budget authority and outlay funds to another department. The USPTO does not receive any allocation transfers.

NOTE 1. Summary of Significant Accounting Policies *(continued)*

Classified Activities

Accounting standards require all reporting entities to disclose that accounting standards allow certain presentations and disclosures to be modified, if needed, to prevent the disclosure of classified information.

Basis of Accounting

These financial statements reflect both accrual and budgetary accounting transactions. Under the accrual method of accounting, revenues are recognized when earned and expenses are recognized when incurred, without regard to the receipt or payment of cash. Budgetary accounting is designed to recognize the obligation of funds according to legal requirements, which in many cases is made prior to the occurrence of an accrual-based transaction. Budgetary accounting is essential for compliance with legal constraints and controls over the use of federal funds. The information in the Statement of Budgetary Resources is presented on a combined basis.

Funds from Dedicated Collections

Funds from dedicated collections are financed by specifically identified revenues, which remain available over time. These specifically identified revenues are required by statute to be used for designated activities, benefits, or purposes, and must be accounted for separately from the government's general revenues. At the USPTO, funds from dedicated collections include the salaries and expenses fund, the PTFRF, and the surcharge fund. Additional details are provided in Note 14.

Fiduciary Activities

Fiduciary activities are not recognized on the financial statements, but reported on schedules in the notes to the financial statements. Fiduciary balances are not assets of the federal government. Fiduciary activities are the collection or receipt, and the management, protection, accounting, and disposition by the federal government, of cash or other assets in which non-federal individuals or entities have an ownership interest that the federal government must uphold. At the USPTO, fiduciary activities are recorded in the Patent Cooperation Treaty fund and the Madrid Protocol fund. Additional details are provided in Note 19.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from estimates.

NOTE 1. Summary of Significant Accounting Policies *(continued)*

Revenue and Other Financing Sources

Exchange Revenue: Since FY 1992, the USPTO's funding has been primarily through the collection of user fees. Fees that are remitted with initial applications and requests for other services are recorded as exchange revenue when received, with an adjustment to defer revenue for services that have not been performed. Individual fees for patent maintenance fees and trademark renewal fees are recorded as exchange revenue when received and help to recoup costs incurred during the initial patent and trademark review processes. All amounts remitted by customers without a request for service are recorded as liabilities in customer deposit accounts until services are ordered. In 2011, the USPTO received fee setting authority under section 10 of the AIA. Section 10(a) of the AIA authorizes the Director of the USPTO to set or adjust by rule all patent and trademark fees to recover the aggregate estimated cost to the USPTO. Provided that the fees in the aggregate achieve overall aggregate cost recovery, the Director may set individual fees, at, below, or above their respective cost.

Imputed Financing Sources from Cost Absorbed by Others (and Related Imputed Costs): In certain cases, operating costs of the USPTO are paid for in full, or in part, by funds appropriated to other federal entities. Only certain inter-entity costs are recognized for goods and services that are received from other federal entities at no cost or at a cost less than the full cost. For example, Civil Service Retirement System (CSRS) pension benefits for applicable USPTO employees are paid for in part by OPM, and certain legal judgments against the USPTO are paid for in full from the Judgment Fund maintained by Treasury. Also, the majority of the cost of collecting fees electronically for the USPTO are paid for in full by Treasury. The USPTO includes applicable imputed costs on the Statement of Net Cost. In addition, an Imputed Financing Source from Cost Absorbed by Others is recognized on the Statement of Changes in Net Position.

Transfers In/Out: Intragovernmental transfers of budget authority without reimbursement are recorded at book value.

Entity/Non-Entity

Assets that an entity is authorized to use in its operations are termed entity assets, while assets that are held by an entity and are not available for the entity's use are termed non-entity assets. Most of the USPTO's assets are entity assets available to carry out the agency's mission, as appropriated by Congress, with the exception of a portion of the Fund Balance with Treasury and cash and other monetary assets. Additional details are provided in Note 7.

NOTE 1. Summary of Significant Accounting Policies *(continued)*

Fund Balance with Treasury

The USPTO deposits fees in commercial bank accounts maintained by the Treasury's Bureau of the Fiscal Service (BFS). All moneys maintained in these accounts are transferred to the Federal Reserve Bank on the next business day following the day of deposit. In addition, many customer deposits are wired directly to the Federal Reserve Bank. All banking activity is conducted in accordance with the directives issued by the BFS. Treasury processes all disbursements. Additional details are provided in Note 2.

Accounts Receivable

Accounts receivable balances are established for amounts owed to the USPTO from its employees and governmental entities that do business with the USPTO. These balances in accounts receivable are a very small portion of the USPTO's assets, as the USPTO requires payment prior to the provision of goods or services. Additional details are provided in Note 3.

The USPTO has established an allowance for certain accounts receivables that are considered not collectible. These offsets are established for receivables older than two years with little or no collection activity that have been transferred to Treasury, subsequently adjusting the gross amount of employee-related accounts receivable to the net realizable value. Based on an analysis of past collections, the USPTO regards all intragovernmental receivable balances as fully collectible.

Advances and Prepayments

The USPTO prepays amounts in anticipation of receiving future benefits. Although a payment has been made, an expense is not recorded until goods have been received or services have been performed. The USPTO has prepayments and advances with both non-governmental and governmental vendors. Additional details are provided in Note 6.

Cash and Other Monetary Assets

The USPTO's cash and other monetary assets balances primarily consist of checks, electronic funds transfer, and credit card payments for deposits that are in transit and have not been credited to the USPTO's Fund Balance with Treasury. All such undeposited check amounts are considered to be cash equivalents. Additional details are provided in Note 4.

NOTE 1. Summary of Significant Accounting Policies *(continued)*

General Property, Plant, and Equipment, Net

The USPTO's capitalization policies are summarized below:

Classes of General Property, Plant, and Equipment	Capitalization Threshold for Individual Purchases	Capitalization Threshold for Bulk Purchases
IT Equipment	$50 thousand or greater	$250 thousand or greater
Software	$50 thousand or greater	$250 thousand or greater
Software in Development	$50 thousand or greater	$250 thousand or greater
Furniture	$50 thousand or greater	$50 thousand or greater
Equipment	$50 thousand or greater	$250 thousand or greater
Leasehold Improvements	$50 thousand or greater	Not applicable
Right-to-Use Lease Assets (Note 11)	$1 million or greater	Not applicable

Costs capitalized are recorded at actual historical cost. Depreciation is expensed on a straight-line basis over the estimated useful life of the asset with the exception of leasehold improvements, which are depreciated over the remaining life of the lease or over the useful life of the improvement, whichever is shorter. As needed, useful lives of assets are updated to reflect current estimates; the estimated useful life is used on a prospective basis. Additional details are provided in Note 5.

Employee and contractor costs for developing custom internal use software are capitalized when incurred for the design, coding, and testing of the software. Software in development is not amortized until placed in service.

General PP&E acquisitions that do not meet capitalization criteria are expensed upon receipt.

Workers' Compensation

The Federal Employees' Compensation Act (FECA) provides compensation and medical cost protection to covered federal civilian employees injured on the job and for those who have contracted a work-related occupational disease, and beneficiaries of employees whose death is attributable to a job-related injury or occupational disease. Claims incurred for benefits under the FECA for the USPTO's employees are administered by the Department of Labor (DOL) and ultimately paid by the USPTO.

Accrued Liability: The DOL bills the USPTO annually as its claims are paid, but payment on these bills is deferred approximately two years to allow for funding through the budget process.

Actuarial Liability: The DOL estimates future workers compensation liability by applying actuarial procedures developed to estimate the liability for FECA benefits. Actuarial liability estimates for FECA benefits include the expected liability for death, disability, medical, and miscellaneous costs for approved compensation cases, plus a component for incurred but not reported claims. Actuarial liability is updated annually.

NOTE 1. Summary of Significant Accounting Policies *(continued)*

Unemployment Compensation

USPTO employees who lose their jobs through no fault of their own may receive unemployment compensation benefits under the unemployment insurance program administered by the DOL. The DOL bills each agency quarterly as its claims are paid.

Annual, Sick, and Other Leave

Annual leave and compensatory time are accrued as earned, with the accrual being reduced when leave is taken. An adjustment is made each fiscal quarter to ensure that balances in the accrued leave accounts reflect current pay rates. No portion of this liability has been obligated. To the extent current year funding is not available to pay for leave earned but not taken, funding will be obtained from future financing sources. Sick leave and other types of non-vested leave are expensed as used.

Employee Retirement Systems and Post-Employment Benefits

USPTO employees participate in either the CSRS or the Federal Employees Retirement System (FERS). The FERS was established by enactment of Pub. L. No. 99-335. Pursuant to this law, the FERS and Social Security automatically cover most employees hired after December 31, 1983. Employees who had five years of federal civilian service prior to 1984 and who are rehired after a break in service of more than one year may elect to join the FERS and Social Security system or be placed in the CSRS offset retirement system. The USPTO's financial statements do not report CSRS or FERS assets, accumulated plan benefits, or liabilities applicable to its employees. The reporting of such amounts is the responsibility of the OPM, which administers the plans. While the USPTO reported no liability for future payments to employees under these programs, the federal government is liable for future payments to employees through the OPM, which administers these programs. The USPTO financial statements recognize a funded expense for the USPTO's share of the costs to the federal government of providing pension, post-retirement health, and post-retirement life insurance benefits to all eligible USPTO employees. In addition to the funded expense, the USPTO financial statements also recognize an imputed cost for the OPM's share of the costs to the federal government of providing pension and post-retirement health benefits to all eligible USPTO employees. The USPTO's appropriation requires full funding of the present costs, as determined by the OPM, of post-retirement benefits for the Federal Employees Health Benefit Program (FEHB), the Federal Employees Group Life Insurance Program (FEGLI), and pensions under the CSRS. While ultimate administration of any post-retirement benefits or retirement system payments will continue to be administered by the OPM, the USPTO is responsible for the payment of the present value associated with these costs calculated using the OPM factors. Any difference between the OPM factors for funding purposes and the OPM factors for reporting purposes is recognized as an imputed cost. Additional details are provided in Note 13.

For the years ended September 30, 2026 and 2025, the USPTO made current year contributions through agency payroll contributions and quarterly supplemental payments to OPM equivalent to approximately 31.0% and 29.9%, respectively, of the employee's basic pay for those employees covered by CSRS, based on OPM cost factors. For the years ended September 30, 2026 and 2025, the USPTO made current year contributions through agency payroll contributions equivalent to approximately 17.7% and 17.8%, respectively, of the employee's basic pay for those employees covered by FERS, based on OPM cost factors. As contribution funding increases, imputed costs will correspondingly decrease.

NOTE 1. Summary of Significant Accounting Policies *(continued)*

Employee Retirement Systems and Post-Employment Benefits *(continued)*

All employees are eligible to contribute to the Thrift Savings Plan. For those employees participating in the FERS, a Thrift Savings Plan account is automatically established, and the USPTO makes a mandatory contribution to this equal to 1% of the employees' compensation. In addition, the USPTO makes matching contributions ranging from 1% to 4% of the employees' compensation for FERS-eligible employees who contribute to a Thrift Savings Plan account. No matching contributions are made to the Thrift Savings Plan account for employees participating in the CSRS. Employees participating in the FERS are also covered under the Federal Insurance Contributions Act (FICA), for which the USPTO contributes a matching amount to the Social Security Administration.

Advances from Others and Deferred Revenue

Deferred revenue represents fees that have been received by the USPTO for requested services that have not been substantially completed. Deferred revenue relates primarily to fees for applications that have been partially processed. The deferred revenue balance is estimated by analyzing the process for completing each service that the USPTO provides. The percent incomplete based on the inventory of pending work and completion status is applied to fee collections to estimate the amount for deferred revenue. Deferred revenue at the USPTO is largely impacted by changes in patent and trademark filings and changes in fee rates. Increases in patent and trademark filings and fee rates result in increases in deferred revenue. Components of the liability are provided in Note 9.

Net Position

Net Position is the residual difference between assets and liabilities and is composed of Cumulative Results of Operations, which is the net result of the USPTO's operations since inception.

Environmental Cleanup

The USPTO does not have any known liabilities for environmental cleanup.

NOTE 2. Fund Balance with Treasury

As of September 30, 2026 and 2025, Fund Balance with Treasury consisted of the following:

(Dollars in Thousands)	2026	2025
Status of Fund Balance with Treasury:		
Unobligated Balance - Operating Reserves	$ 1,883,186	$ 1,046,186
Unobligated Balance - Fee Reserve Fund	-	323,915
Obligated Balance Not Yet Disbursed	845,507	665,912
Temporarily Not Available Pursuant to Public Law	937,819	937,819
Non-Budgetary Fund Balance with Treasury	381,608	369,420
Total Fund Balance with Treasury	$ 4,048,120	$ 3,343,252

No discrepancies exist between the Fund Balance reflected in the general ledger and the balance in the Treasury accounts.

To sustain day-to-day operations by leveling differences between daily fee collections and daily costs and mitigating the risk of funding authorization uncertainties and changing demand for USPTO services, the agency reserves a portion of the amount Congress makes available annually through appropriations to the USPTO Salaries and Expenses general fund as a designated operating reserve to be carried over for use in future years. As of September 30, 2026, the total patent reserve was $1,531,204 thousand, and the total trademark reserve was $351,982 thousand. As of September 30, 2025, the total patent reserve was $867,884 thousand, and the total trademark reserve was $178,302 thousand. Discussion regarding year-over-year Fund Balance with Treasury differences is included in the Financial highlights section (see page 61).

As of September 30, 2026, the USPTO collected less fees than appropriated for the fiscal year. As a result, there were no funds deposited in the PTFRF as of September 30, 2026. As of September 30, 2025, the USPTO collected more fees than appropriated for the fiscal year. As a result, $323,915 thousand was deposited in the PTFRF as of September 30, 2025. The annual appropriations legislation requires the agency to submit a reprogramming request to make the funds available for use; the funds were made available in the operating reserve in the Salaries and Expense general fund during the second quarter of FY 2026.

As of September 30, 2026 and 2025, the Non-Budgetary Fund Balance with Treasury includes unavailable patent surcharge receipts held in a special fund of $233,529 thousand and non-entity customer deposit accounts held in deposit funds of $148,079 thousand and $135,891 thousand, respectively.

NOTE 2. Fund Balance with Treasury *(continued)*

From FY 1992 through FY 2013, the USPTO was not always appropriated all of the fees and surcharges that it collected from customers.

As of September 30, 2026 and 2025, previously collected and temporarily unavailable fee collections on deposit in the USPTO accounts at Treasury consisted of the following:

(Dollars in Thousands)	Patent	Trademark	Total
Previously Collected Fees in Excess of Appropriations	$ 580,443	$ 209,643	$ 790,086
Previously Collected Surcharge Fund Receipts	233,529	-	233,529
Previously Collected Fees Not Available	$ 813,972	$ 209,643	$ 1,023,615
Previously Collected Fees Sequestered	134,291	13,442	147,733
Total Unavailable Fees	$ 948,263	$ 223,085	$ 1,171,348

Of this amount, $790,086 thousand are previously collected fees for patent and trademark services provided to customers; $233,529 thousand are surcharge collections from patent customers withheld in accordance with the OBRA of 1990 and deposited in a special fund receipt account at Treasury; and $147,733 thousand are patent and trademark sequestered funds pursuant to the Consolidated and Further Continuing Appropriations Act, 2013 (Pub. L. No. 113-6) and remain unavailable.

NOTE 3. Accounts Receivable, Net

As of September 30, 2026, USPTO entity accounts receivable consisted of the following:

(Dollars in Thousands)	Accounts Receivable, Gross	Allowance for Uncollectible Accounts	Accounts Receivable, Net
Intragovernmental	$ 307	$ -	$ 307
With the Public	$ 945	$ (411)	$ 534

As of September 30, 2025, USPTO entity accounts receivable consisted of the following:

(Dollars in Thousands)	Accounts Receivable, Gross	Allowance for Uncollectible Accounts	Accounts Receivable, Net
Intragovernmental	$ 780	$ -	$ 780
With the Public	$ 802	$ (354)	$ 448

NOTE 4. Cash and Other Monetary Assets

As of September 30, 2026 and 2025, cash and other monetary assets consisted of the following:

(Dollars in Thousands)	2026	2025
Deposits in Transit	$ 28,536	$ 15,698
Total Cash and Other Monetary Assets	$ 28,536	$ 15,698

As of September 30, 2026 and 2025, cash and other monetary assets included customer deposit accounts held with the public amounting to $3,498 thousand and $3,155 thousand, respectively. Funds maintained in customer deposit accounts are not available for the USPTO to use until an order has been placed (See Note 7).

NOTE 5. General Property, Plant, and Equipment, Net

As of September 30, 2026, general PP&E, net, consisted of the following:

(Dollars in Thousands)

Classes of General Property, Plant, and Equipment	Useful Life (Years)	Acquisition Value	Accumulated Depreciation/ Amortization	Net Book Value
IT Equipment	3-5	$ 173,283	$ 145,609	$ 27,674
Software	3	1,616,920	1,414,010	202,910
Software in Development	-	48,446	-	48,446
Furniture	7	14,306	13,931	375
Equipment	3-8	2,239	2,020	219
Leasehold Improvements	5-20	119,326	117,504	1,822
Right-to-Use Lease Assets (Note 11)	2-12	27,304	8,316	18,988
Total Property, Plant, and Equipment		$ 2,001,824	$ 1,701,390	$ 300,434

As of September 30, 2025, general PP&E, net, consisted of the following:

(Dollars in Thousands)

Classes of General Property, Plant, and Equipment	Useful Life (Years)	Acquisition Value	Accumulated Depreciation/ Amortization	Net Book Value
IT Equipment	3-5	$ 198,521	$ 172,412	$ 26,109
Software	3	1,523,259	1,316,883	206,376
Software in Development	-	37,321	-	37,321
Furniture	7	22,782	21,216	1,566
Equipment	3-8	2,286	1,911	375
Leasehold Improvements	5-20	121,873	119,236	2,637
Right-to-Use Lease Assets (Note 11)	2-12	24,284	6,040	18,244
Total Property, Plant, and Equipment		$ 1,930,326	$ 1,637,698	$ 292,628

NOTE 5. General Property, Plant, and Equipment, Net *(continued)*

The USPTO does not have any restrictions on the use or convertibility of the general PP&E balances. Information regarding deferred maintenance and repairs for the USPTO is included in the Required Supplementary Information (Unaudited) section (see page 123).

(Dollars in Thousands)	2026	2025
Balance, Beginning of Year	$ 292,628	$ 337,318
Capitalized Acquisitions	152,640	140,910
Right-to-Use Lease Assets Acquired	4,611	-
Amortization of Right-to-Use Lease Assets	(3,867)	(4,168)
Loss on Dispositions	(62)	(8,639)
Depreciation Expense	(145,516)	(172,793)
Balance, End of Year	$ 300,434	$ 292,628

NOTE 6. Advances and Prepayments

As of September 30, 2026 and 2025, advances and prepayments consisted of the following:

(Dollars in Thousands)	2026	2025
Intragovernmental	$ 6,861	$ 5,352
With the Public	$ 32,419	$ 28,210

The largest governmental prepayments include the National Institutes of Health Information Technology Acquisition and Assessment Center for enterprise network infrastructure services support, USPTO deposit accounts held with the U.S. Government Publishing Office to facilitate recurring transactions, the U.S. Postal Service for postage, the Department of Transportation for transit subsidy services, and the DOC for centralized services.

The largest prepayments with the public as of September 30, 2026 and 2025 were $30,045 thousand and $26,233 thousand, respectively, for various hardware and software maintenance agreements and $2,372 thousand and $1,977 thousand, respectively, for various library and online database subscriptions.

NOTE 7. Entity and Non-Entity Assets

Non-entity assets are amounts held on deposit for the convenience of the USPTO's customers. Customer deposit account assets have an equal customer deposit account liability recognized.

Customers have the option of maintaining a deposit account at the USPTO to facilitate the order process. Customers can draw from their deposit account when they place an order and can replenish their deposit account as desired. Funds maintained in customer deposit accounts are not available for the USPTO to use until an order has been placed. Once an order has been placed, the funds are reclassified to entity funds.

As of September 30, 2026 and 2025, entity and non-entity assets consisted of the following:

(Dollars in Thousands)	**2026**	**2025**
Fund Balance with Treasury:		
Intragovernmental Customer Deposit Accounts	$ 9,839	$ 11,172
Customer Deposit Accounts with the Public	138,240	124,719
Total Fund Balance with Treasury	148,079	135,891
Undeposited Collections:		
Customer Deposit Accounts with the Public	3,498	3,155
Total Non-Entity Assets	151,577	139,046
Total Entity Assets	4,265,634	3,547,322
Total Assets	$ 4,417,211	$ 3,686,368

NOTE 8. Liabilities Covered and Not Covered by Budgetary Resources

The USPTO records liabilities for amounts that are likely to be paid as the direct result of events that have already occurred. The USPTO's liabilities covered by budgetary resources are funded by realized budgetary resources, which include obligated balances funding existing liabilities and unobligated balances (operating reserves) as of September 30, 2026. Although future appropriations to fund liabilities not covered by budgetary resources are probable and anticipated, congressional action is needed before budgetary resources can be provided. Liabilities not requiring budgetary resources consist of customer deposit accounts (see Note 7).

NOTE 8. Liabilities Covered and Not Covered by Budgetary Resources *(continued)*

As of September 30, 2026 and 2025, liabilities covered and not covered by budgetary resources were as follows:

(Dollars in Thousands)	2026	2025
Liabilities Covered by Budgetary Resources		
Intragovernmental:		
Accounts Payable	$ 12,192	$ 13,867
Other Current Liabilities:		
Benefit Program Contributions Payable	21,694	18,998
Total Intragovernmental	33,886	32,865
With the Public:		
Accounts Payable	119,295	76,628
Federal Employee Salary, Leave, and Benefits Payable	69,451	61,735
Advances from Others and Deferred Revenue	1,580,380	1,046,176
Other Liabilities:		
Lease Liabilites	2,728	2,192
Total with the Public	1,771,854	1,186,731
Total Liabilities Covered by Budgetary Resources	$ 1,805,740	$ 1,219,596
Liabilities Not Covered by Budgetary Resources		
Intragovernmental:		
Other Current Liabilities:		
Benefit Program Contributions Payable	$ 1,248	$ 1,488
Total Intragovernmental	1,248	1,488
With the Public:		
Accounts Payable	397	272
Federal Employee Salary, Leave, and Benefits Payable	254,821	278,380
Post-Employment Benefits Payable	5,833	6,934
Advances from Others and Deferred Revenue	-	552,519
Other Liabilities:		
Lease Liabilites	18,256	17,791
Contingent Liabilities	3,840	125
Total with the Public	283,147	856,021
Total Liabilities Not Covered by Budgetary Resources	$ 284,395	$ 857,509
Liabilities Not Requiring Budgetary Resources		
Intragovernmental:		
Other Liabilities:		
Customer Deposit Accounts	$ 9,839	$ 11,172
Total Intragovernmental	9,839	11,172
With the Public:		
Other Liabilities:		
Customer Deposit Accounts	141,738	127,874
Total with the Public	141,738	127,874
Total Liabilities Not Requiring Budgetary Resources	$ 151,577	$ 139,046
Total Liabilities	$ 2,241,712	$ 2,216,151

NOTE 9. Advances from Others and Deferred Revenue

As of September 30, 2026, deferred revenue consisted of the following:

(Dollars in Thousands)	Patent	Trademark	Total
Unearned Fees	$ 1,344,012	$ 236,368	$ 1,580,380
Total Deferred Revenue	$ 1,344,012	$ 236,368	$ 1,580,380

As of September 30, 2025, deferred revenue consisted of the following:

(Dollars in Thousands)	Patent	Trademark	Total
Unearned Fees	$ 1,352,150	$ 246,545	$ 1,598,695
Total Deferred Revenue	$ 1,352,150	$ 246,545	$ 1,598,695

NOTE 10. Federal Employee Salary, Leave, and Post-Employment Benefits Payable

As of September 30, 2026 and 2025, federal employee salary, leave, and post-employment benefits payable consisted of the following:

(Dollars in Thousands)	2026	2025
Intragovernmental:		
Benefit Contributions Payable		
Employer Contributions and Payroll Taxes Payable	$ 21,155	$ 18,679
Unemployment Liability	539	319
Unfunded FECA Liability	1,248	1,488
Total Intragovernmental	$ 22,942	$ 20,486
With the Public:		
Federal Employee Salary, Leave, and Benefits Payable		
Accrued Payroll	$ 69,451	$ 61,735
Unfunded Leave	165,371	176,759
Unfunded Employee Award Accrual	89,450	101,621
Total Federal Employee Salary, Leave, and Benefits Payable	324,272	340,115
Post-Employment Benefits Payable		
Actuarial FECA Liability	5,833	6,934
Total with the Public	$ 330,105	$ 347,049
Total Federal Employee Salary and Benefits Payable	$ 353,047	$ 367,535

NOTE 10. Federal Employee Salary, Leave, and Post-Employment Benefits Payable *(continued)*

The FECA actuarial liability is calculated annually, as of September 30 by the DOL. For FY 2026 and FY 2025, projected annual payments were discounted to the present value based on averaging the Treasury's Yield Curve for Treasury Nominal Coupon issues for the current and prior four years to reflect the average duration in years for income and medical payments, respectively. Interest rate assumptions utilized for discounting were as follows:

2026	2025
For wage benefits: 3.86% in year 1, and thereafter	**For wage benefits:** 3.22% in year 1, and thereafter
For medical benefits: 3.58% in year 1, and thereafter	**For medical benefits:** 2.94% in year 1, and thereafter

NOTE 11. Leases

The USPTO may choose to lease certain assets. FASAB Statement of Federal Financial Accounting Standards 54 defines a lease "as a contract or agreement whereby one entity (lessor) conveys the right to control the use of PP&E to another entity (lessee) for a period of time as specified in the contract or agreement in exchange for consideration."

Intragovernmental Leases

An intragovernmental lease is a lease between two government agencies, and the lease payments, including lease-related operating costs, are expensed as incurred. The General Services Administration (GSA) negotiates long-term office and warehouse space leases and levies rent charges, paid by the USPTO, approximate to commercial rental rates. These intragovernmental lease agreements for the USPTO's office buildings and warehouse space are cancelable with appropriate notification and expire at various dates between FY 2028 and FY 2034. During the years ended September 30, 2026 and 2025, the USPTO paid $69,688 thousand and $70,531 thousand, respectively, to the GSA for rent.

Under existing commitments, the future minimum intragovernmental lease payments as of September 30, 2026 are as follows:

(Dollars in Thousands)	Fiscal Year	Total Real Property
	2027	$ 46,424
	2028	46,271
	2029	41,228
	2030	995
	2031	428
	Thereafter	1,035
Total Future Minimum Lease Payments		$ 136,381

NOTE 11. Leases (continued)

Intragovernmental Leases (continued)

The commitments shown above relate primarily to the intragovernmental lease for the USPTO headquarters and regional offices.

Lease Location	Lease Initiation	Lease Expiration
Detroit, Michigan	FY 2022	FY 2028
Alexandria, Virginia	FY 2024	FY 2029
Dallas, Texas	FY 2016	FY 2031
Lorton, Virginia	FY 2019	FY 2034

In addition, for the years ended September 30, 2026 and 2025, the USPTO paid $428 thousand and $371 thousand for other various intragovernmental leases, respectively.

Right-to-Use Leases

If a non-intragovernmental lease meets criteria whereby the right to control the use of an asset conveys to the USPTO for a period of time in exchange for payment and the contract term is longer than 24 months, then a right-to-use lease is recognized and a lease asset and lease liability are recorded (see Note 5). The below right-to-use leases are for office equipment (copier) rental, long-term office space (San Jose, California), and two parking garages (Alexandria, Virginia) leased from private sector entities and expire at various dates between FY 2029 and FY 2036.

Under existing commitments, the future minimum right-to-use lease payments as of September 30, 2026 are as follows:

(Dollars in Thousands) Fiscal Year	Principal	Interest	Total
2027	$ 4,223	$ 805	$ 5,028
2028	4,466	634	5,100
2029	4,471	454	4,925
2030	1,936	322	2,258
2031	1,456	242	1,698
2032-35	4,432	441	4,873
Total	$ 20,984	$ 2,898	$ 23,882

Short-Term Leases

A short-term lease is a non-intragovernmental lease with a lease term of 24 months or less. Short-term lease payments are expensed as incurred. For the years ended September 30, 2026 and 2025, the USPTO paid $202 thousand and $127 thousand for short-term leases, respectively.

NOTE 12. Other Liabilities - Commitments and Contingencies

The USPTO is a party to various routine administrative proceedings, legal actions, and claims brought by or against it, including threatened or pending litigation involving labor relations claims, some of which may ultimately result in settlements or decisions against the federal government.

As of September 30, 2026, management expects it is reasonably possible that approximately $940 thousand may be owed for awards or damages involving labor relations claims. As of September 30, 2025, management expected it was reasonably possible that approximately $3,600 thousand may be owed for awards or damages involving labor relations claims.

As of September 30, 2026, the USPTO was subject to suits where management expects an adverse outcome is probable, and claims are estimated at $3,840 thousand. As of September 30, 2025, the USPTO was subject to suits where an adverse outcome was probable and the claims were $125 thousand.

For the years ended September 30, 2026 and 2025, there were no payments made on behalf of the USPTO from the Judgment Fund.

As of September 30, 2026 and 2025, the USPTO did not have any major long-term commitments.

NOTE 13. Post-employment Benefits

For the years ended September 30, 2026 and 2025, the post-employment benefit expenses were as follows:

(Dollars in Thousands)	2026			2025		
	Funded	**Imputed**	**Total**	**Funded**	**Imputed**	**Total**
CSRS	$ 2,168	$ 1,153	$ 3,321	$ 3,150	$ 2,069	$ 5,219
FERS	365,598	104,854	470,452	377,863	144,239	522,102
FEHB	91,985	39,601	131,586	111,097	22,383	133,480
FEGLI	343	-	343	355	-	355
FICA	159,053	-	159,053	163,153	-	163,153
Total Cost	$ 619,147	$ 145,608	$ 764,755	$ 655,618	$ 168,691	$ 824,309

NOTE 14. Funds from Dedicated Collections

Funds from dedicated collections are financed by specifically identified revenues, which remain available over time. These specifically identified revenues are required by statute to be used for designated activities, benefits, or purposes, and must be accounted for separately from the government's general revenues. At the USPTO, funds from dedicated collections include the salaries and expenses fund, the PTFRF, and the surcharge fund. Non-entity funds, as disclosed in Note 7, are not funds from dedicated collections and are therefore excluded from the below amounts.

The **Salaries and Expenses Fund** contains moneys used for the examining and granting or registering of patents and trademarks and advising the Secretary of Commerce, the President of the United States, and the Administration on patent, trademark, and copyright protection, and trade-related aspects of IP. This fund is used for the USPTO's responsibility to issue patents and register trademarks that are timely, reliable, and hold value in the real economy. These activities give innovators, businesses, and entrepreneurs the protection and encouragement they need to convert human ingenuity into robust and respected assets. The USPTO may use moneys from this account only as authorized by Congress via appropriations. As discussed in Note 2 and as of September 30, 2026, the salaries and expenses fund includes the patent operating reserve of $1,531,204 thousand and the trademark operating reserve of $351,982 thousand. As of September 30, 2025, the salaries and expenses fund included the patent operating reserve of $867,884 thousand the trademark operating reserve of $178,302 thousand.

The **Patent and Trademark Fee Reserve Fund** was created by the AIA enacted on September 16, 2011 (Pub. L. No. 112-29) modifying 35 U.S.C §42(c). The AIA established a statutory provision requiring the USPTO to deposit in this fund fees collected in excess of the appropriated levels for each fiscal year. Annual appropriations, subject to congressional reprogramming requirements, provide the authorization for the USPTO to spend those fees, which are available without fiscal limitation until expended. There were no funds deposited in the PTFRF as of September 30, 2026. As of September 30, 2025, $323,915 thousand was deposited in the PTFRF.

The **Surcharge Fund** was created through the Patent and Trademark Office Surcharge provision in the OBRA of 1990 (Section 10101, Pub. L. No. 101-508). The OBRA required that the USPTO impose a surcharge on certain patent fees and set in statute the amounts of money that the USPTO should deposit in a special fund receipt account at Treasury. Due to a lack of congressional reauthorization, this surcharge expired at the end of FY 1998. The USPTO may use moneys from this account only as appropriated by Congress, and only as made available by the issuance of a Treasury warrant.

NOTE 14. Funds from Dedicated Collections (continued)

(Dollars in Thousands)	Salaries and Expenses Fund	Fee Reserve Fund	Surcharge Fund	Total Funds from Dedicated Collections (Consolidated)
Balance Sheet as of September 30, 2026				
Intragovernmental:				
Fund Balance with Treasury	$ 3,666,512	$ -	$ 233,529	$ 3,900,041
Accounts Receivable, Net	307	-	-	307
Advances and Prepayments	6,861	-	-	6,861
Total Intragovernmental	3,673,680	-	233,529	3,907,209
With the Public:				
Cash and Other Monetary Assets	25,038	-	-	25,038
Accounts Receivable, Net	534	-	-	534
General Property, Plant, and Equipment, Net	300,434	-	-	300,434
Advances and Prepayments	32,419	-	-	32,419
Total with the Public	358,425	-	-	358,425
Total Assets	$ 4,032,105	$ -	$ 233,529	$ 4,265,634
Intragovernmental:				
Accounts Payable	$ 12,192	$ -	$ -	$ 12,192
Benefit Program Contributions Payable	22,942	-	-	22,942
Total Intragovernmental	35,134	-	-	35,134
With the Public:				
Accounts Payable	119,692	-	-	119,692
Federal Employee Salary, Leave, and Benefits Payable	324,272	-	-	324,272
Post-Employment Benefits Payable	5,833	-	-	5,833
Advances from Others and Deferred Revenue	1,580,380	-	-	1,580,380
Other Liabilities:				
Lease Liabilities	20,984	-	-	20,984
Contingent Liabilities	3,840	-	-	3,840
Total with the Public	2,055,001	-	-	2,055,001
Total Liabilities	$ 2,090,135	$ -	$ -	$ 2,090,135
Cumulative Results of Operations	1,941,970	-	233,529	2,175,499
Total Liabilities and Net Position	$ 4,032,105	$ -	$ 233,529	$ 4,265,634
Statement of Net Cost For the Year Ended September 30, 2026				
Total Program Cost	$ 4,461,618	$ -	$ -	$ 4,461,618
Less Program Earned Revenue	(4,953,350)	-	-	(4,953,350)
Net Income from Operations	$ (491,732)	$ -	$ -	$ (491,732)
Statement of Changes in Net Position For the Year Ended September 30, 2026				
Cumulative Results of Operations				
Beginning Balance	$ 912,773	$ 323,915	$ 233,529	$ 1,470,217
Transfers In/(Out) Without Reimbursement	321,465	(323,915)	-	(2,450)
Imputed Financing	216,000	-	-	216,000
Net Income From Operations	491,732	-	-	491,732
Net Change in Cumulative Results of Operations	1,029,197	(323,915)	-	705,282
Cumulative Results of Operations - Ending	$ 1,941,970	$ -	$ 233,529	$ 2,175,499
Net Position, End of Year	$ 1,941,970	$ -	$ 233,529	$ 2,175,499

NOTE 14. Funds from Dedicated Collections (continued)

(Dollars in Thousands)	Salaries and Expenses Fund	Fee Reserve Fund	Surcharge Fund	Total Funds from Dedicated Collections (Consolidated)
Balance Sheet as of September 30, 2025				
Intragovernmental:				
Fund Balance with Treasury	$ 2,649,917	$ 323,915	$ 233,529	$ 3,207,361
Accounts Receivable, Net	780	-	-	780
Advances and Prepayments	5,352	-	-	5,352
Total Intragovernmental	2,656,049	323,915	233,529	3,213,493
With the Public:				
Cash and Other Monetary Assets	12,543	-	-	12,543
Accounts Receivable, Net	448	-	-	448
General Property, Plant, and Equipment, Net	292,628	-	-	292,628
Advances and Prepayments	28,210	-	-	28,210
Total with the Public	333,829	-	-	333,829
Total Assets	$ 2,989,878	$ 323,915	$ 233,529	$ 3,547,322
Intragovernmental:				
Accounts Payable	$ 13,867	$ -	$ -	$ 13,867
Benefit Program Contributions Payable	20,486	-	-	20,486
Total Intragovernmental	34,353	-	-	34,353
With the Public:				
Accounts Payable	76,900	-	-	76,900
Federal Employee Salary, Leave, and Benefits Payable	340,115	-	-	340,115
Post-Employment Benefits Payable	6,934	-	-	6,934
Advances from Others and Deferred Revenue	1,598,695	-	-	1,598,695
Other Liabilities:				
Lease Liabilities	19,983	-	-	19,983
Contingent Liabilities	125	-	-	125
Total with the Public	2,042,752	-	-	2,042,752
Total Liabilities	$ 2,077,105	$ -	$ -	$ 2,077,105
Cumulative Results of Operations	912,773	323,915	233,529	1,470,217
Total Liabilities and Net Position	$ 2,989,878	$ 323,915	$ 233,529	$ 3,547,322
Statement of Net Cost For the Year Ended September 30, 2025				
Total Program Cost	$ 4,619,294	$ -	$ -	$ 4,619,294
Less Program Earned Revenue	(4,423,221)	-	-	(4,423,221)
Net Cost of Operations	$ 196,073	$ -	$ -	$ 196,073
Statement of Changes in Net Position For the Year Ended September 30, 2025				
Cumulative Results of Operations				
Beginning Balance	$ 1,207,466	$ -	$ 233,529	$ 1,440,995
Transfers Out Without Reimbursement	(326,355)	323,915	-	(2,440)
Imputed Financing	227,735	-	-	227,735
Net Cost of Operations	(196,073)	-	-	(196,073)
Net Change in Cumulative Results of Operations	(294,693)	323,915	-	29,222
Cumulative Results of Operations - Ending	$ 912,773	$ 323,915	$ 233,529	$ 1,470,217
Net Position, End of Year	$ 912,773	$ 323,915	$ 233,529	$ 1,470,217

NOTE 15. Program Costs

Program costs consist of both costs related directly to the responsibility segments (Patent and Trademark Programs) and overall support costs, which are allocated to the responsibility segments based on their proportionate share. All costs are assigned to the specific programs. Total program costs for the years ended September 30, 2026 and 2025 by cost category were as follows:

(Dollars in Thousands)	2026		
	Direct	**Allocated**	**Total**
Personnel Services and Benefits	$ 3,026,690	$ 272,404	$ 3,299,094
Travel and Transportation	300	2,383	2,683
Rent, Communications, and Utilities	48,043	33,326	81,369
Printing and Reproduction	186,943	260	187,203
Contractual Services	184,071	409,136	593,207
Training	1,184	739	1,923
Maintenance and Repairs	1,904	32,124	34,028
Supplies and Materials	37,668	2,043	39,711
Equipment Not Capitalized	8,044	64,375	72,419
Insurance Claims and Indemnities	312	224	536
Depreciation, Amortization, and Loss on Asset Dispositions	94,262	55,183	149,445
Total Program Costs	$ 3,589,421	$ 872,197	$ 4,461,618

(Dollars in Thousands)	2025		
	Direct	**Allocated**	**Total**
Personnel Services and Benefits	$ 3,104,806	$ 315,602	$ 3,420,408
Travel and Transportation	1,377	1,932	3,309
Rent, Communications, and Utilities	49,261	28,550	77,811
Printing and Reproduction	179,404	299	179,703
Contractual Services	192,282	405,641	597,923
Training	2,167	1,604	3,771
Maintenance and Repairs	1,852	38,246	40,098
Supplies and Materials	48,305	2,451	50,756
Equipment Not Capitalized	2,596	57,233	59,829
Insurance Claims and Indemnities	204	(118)	86
Depreciation, Amortization, and Loss on Asset Dispositions	110,761	74,839	185,600
Total Program Costs	$ 3,693,015	$ 926,279	$ 4,619,294

NOTE 16. Program Costs by Responsibility Segment

The following tables present program costs for the USPTO's primary responsibility segments (Patent and Trademark Programs).

The program costs for the years ended September 30, 2026 and 2025 by responsibility segment were as follows:

(Dollars in Thousands)	2026		
	Patent	**Trademark**	**Total**
Direct Costs			
Personnel Services and Benefits	$ 2,716,030	$ 310,660	$ 3,026,690
Travel and Transportation	251	49	300
Rent, Communications, and Utilities	41,188	6,855	48,043
Printing and Reproduction	186,943	-	186,943
Contractual Services	142,882	41,189	184,071
Training	1,003	181	1,184
Maintenance and Repairs	1,852	52	1,904
Supplies and Materials	35,248	2,420	37,668
Equipment Not Capitalized	6,806	1,238	8,044
Insurance Claims and Indemnities	312	-	312
Depreciation, Amortization, and Loss on Asset Dispositions	83,049	11,213	94,262
Subtotal Direct Costs	$ 3,215,564	$ 373,857	$ 3,589,421
Allocated Costs			
Automation	$ 281,613	$ 76,717	$ 358,330
Resource Management	423,632	90,235	513,867
Subtotal Allocated Costs	$ 705,245	$ 166,952	$ 872,197
Total Program Costs	$ 3,920,809	$ 540,809	$ 4,461,618

NOTE 16. Program Costs by Responsibility Segment *(continued)*

(Dollars in Thousands)	2025		
	Patent	**Trademark**	**Total**
Direct Costs			
Personnel Services and Benefits	$ 2,780,025	$ 324,781	$ 3,104,806
Travel and Transportation	1,245	132	1,377
Rent, Communications, and Utilities	43,127	6,134	49,261
Printing and Reproduction	179,398	6	179,404
Contractual Services	153,436	38,846	192,282
Training	2,016	151	2,167
Maintenance and Repairs	1,729	123	1,852
Supplies and Materials	45,858	2,447	48,305
Equipment Not Capitalized	1,968	628	2,596
Insurance Claims and Indemnities	192	12	204
Depreciation, Amortization, and Loss on Asset Dispositions	92,795	17,966	110,761
Subtotal Direct Costs	$ 3,301,789	$ 391,226	$ 3,693,015
Allocated Costs			
Automation	$ 309,607	$ 77,823	$ 387,430
Resource Management	440,798	98,051	538,849
Subtotal Allocated Costs	$ 750,405	$ 175,874	$ 926,279
Total Program Costs	$ 4,052,194	$ 567,100	$ 4,619,294

NOTE 17. Budgetary Resources

Total budgetary resources are primarily comprised of congressional authority to spend current year fee collections. The USPTO receives an apportionment of Category A funds from the OMB, which apportions budgetary resources by fiscal quarter. The USPTO does not receive any Category B funds, or those exempt from apportionment.

For FY 2026, the USPTO was appropriated up to $4,956,000 thousand for fees collected during the fiscal year. For the year ended September 30, 2026, the USPTO collected $54,141 thousand less than the amount apportioned through September 30, 2026 (under-collections of fees of $28,697 thousand and net under-collections of other budgetary resources of $25,444 thousand).

For FY 2025, the USPTO was under a year-long continuing resolution and was appropriated up to $4,195,799 thousand for fees collected during the fiscal year. For the year ended September 30, 2025, the USPTO collected $283,421 thousand more than the amount apportioned through September 30, 2025 (over-collections of fees of $323,915 thousand and net under-collections of other budgetary resources of $40,494 thousand).

NOTE 17. Budgetary Resources *(continued)*

Total budgetary resources also include carryover of prior year budgetary resources (operating reserve). Carryover is derived from year-end budgetary resources that have not been obligated. Usage of the fees in the following fiscal year is for compensation and operational requirements on a first-in, first-out basis. For FY 2026, the carryover amount brought into the fiscal year from FY 2025 was $1,370,101 thousand, comprised of $1,046,186 thousand in operating reserves immediately available and $323,915 thousand in the PTFRF subject to congressional reprogramming. For FY 2025, the carryover amount brought into the fiscal year from FY 2024 was $1,141,901 thousand, all of which were comprised of operating reserves and were immediately available.

As of September 30, 2026 and 2025, reimbursable obligations incurred were $4,463,874 thousand and $4,334,570 thousand, respectively.

Funding Limitations

Pursuant to the AIA (35 U.S.C. §42(c)), all fees available to the Director under section 31 of the Trademark Act of 1946 are used only for the processing of trademark registrations and for other activities, services, and materials relating to trademarks, as well as to cover a proportionate share of the administrative costs of the USPTO.

Pursuant to the AIA (35 U.S.C. §42(c)), all fees available to the Director under sections 41, 42, and 376 of 35 U.S.C. are used only for the processing of patent applications and for other activities, services, and materials relating to patents, as well as to cover a proportionate share of the administrative costs of the USPTO.

Since FY 1992, the USPTO has not always been appropriated all of the fees it has collected. The total temporarily unavailable fee collections pursuant to public law as of September 30, 2026 are $1,171,348 thousand. Of this amount, certain USPTO collections of $233,529 thousand were withheld in accordance with the OBRA of 1990 and deposited into a special fund receipt account at Treasury.

Pursuant to the Consolidated and Further Continuing Appropriations Act, 2013 (Pub. L. No. 113-6), the USPTO has sequestered funds of $147,733 thousand (8.6% of fees collected starting March 1, 2013 through the end of the fiscal year). The sequestered funds, while included in the USPTO Salaries and Expenses Fund, are not available for spending without further congressional action.

Undelivered Orders

In addition to the future lease commitments discussed in Note 11, the USPTO is obligated for the purchase of goods and services that have been ordered, but not yet received.

NOTE 17. Budgetary Resources *(continued)*

As of September 30, 2026, reimbursable undelivered orders consisted of the following:

(Dollars in Thousands)	Unpaid	Paid	Total
Intragovernmental	$ 44,819	$ 6,861	$ 51,680
With the Public	580,529	32,419	612,948
Total Undelivered Orders	$ 625,348	$ 39,280	$ 664,628

As of September 30, 2025, reimbursable undelivered orders consisted of the following:

(Dollars in Thousands)	Unpaid	Paid	Total
Intragovernmental	$ 30,429	$ 5,352	$ 35,781
With the Public	466,451	28,210	494,661
Total Undelivered Orders	$ 496,880	$ 33,562	$ 530,442

Explanation of Differences between the Statement of Budgetary Resources and the Budget of the U.S. Government

A comparison was performed between the amounts reported in the FY 2025 Statement of Budgetary Resources (SBR) and the actual FY 2025 amounts reported in the FY 2026 Budget of the U.S. Government for SBR lines Total Budgetary Resources, New Obligations, and Net Outlays (discretionary). There were no material differences identified. The President's Budget that will report actual amounts for FY 2026 has not yet been published and will be made available on the OMB's President's Budget webpage.

NOTE 18. Incidental Custodial Collections

Custodial collections represent miscellaneous general fund receipts of $627 thousand and $216 thousand for the years ended September 30, 2026 and 2025, respectively, and include non-electronic patent filing fees, gains on foreign exchange rates, fines for the false assertion or certification of small or micro entity status, and employee debt finance charges. Custodial collection activities are considered immaterial and incidental to the mission of the USPTO.

NOTE 19. Fiduciary Activities

Fiduciary activities are the collection or receipt, and the management, protection, accounting, and disposition by the federal government, of cash or other assets in which non-federal individuals or entities have an ownership interest that the federal government must uphold. Fiduciary cash and other assets are not assets of the federal government and accordingly are not recognized on the proprietary financial statements.

The Patent Cooperation Treaty authorized the USPTO to collect patent filing and search fees on behalf of the WIPO, European Patent Office, Korea's Ministry of Intellectual Property, IP Australia, Israel Patent Office, Japan Patent Office, Intellectual Property Office of Singapore. and Intellectual Property Office of the Philippines from U.S. citizens requesting an international patent. The Madrid Protocol Implementation Act authorized the USPTO to collect trademark application fees on behalf of the International Bureau of the WIPO from U.S. citizens requesting an international trademark.

NOTE 19. Fiduciary Activities (continued)

(Dollars in Thousands)	Patent Cooperation Treaty	Madrid Protocol	Total Fiduciary Funds
Schedule of Fiduciary Activity For the Year Ended September 30, 2026			
Fiduciary Net Assets, Beginning of Year	$ 19,169	$ 1,612	$ 20,781
Contributions	169,792	46,420	216,212
Disbursements To and on Behalf of Beneficiaries	(168,830)	(47,476)	(216,306)
Increase/(Decrease) in Fiduciary Net Assets	962	(1,056)	(94)
Fiduciary Net Assets, End of Year	$ 20,131	$ 556	$ 20,687

(Dollars in Thousands)	Patent Cooperation Treaty	Madrid Protocol	Total Fiduciary Funds
Fiduciary Net Assets As of September 30, 2026			
Cash and Cash Equivalents	$ 20,131	$ 556	$ 20,687
Total Fiduciary Net Assets	$ 20,131	$ 556	$ 20,687

(Dollars in Thousands)	Patent Cooperation Treaty	Madrid Protocol	Total Fiduciary Funds
Schedule of Fiduciary Activity For the Year Ended September 30, 2025			
Fiduciary Net Assets, Beginning of Year	$ 15,897	$ 1,002	$ 16,899
Contributions	154,459	41,491	195,950
Disbursements To and on Behalf of Beneficiaries	(151,187)	(40,881)	(192,068)
Increase in Fiduciary Net Assets	3,272	610	3,882
Fiduciary Net Assets, End of Year	$ 19,169	$ 1,612	$ 20,781

(Dollars in Thousands)	Patent Cooperation Treaty	Madrid Protocol	Total Fiduciary Funds
Fiduciary Net Assets As of September 30, 2025			
Cash and Cash Equivalents	$ 19,169	$ 1,612	$ 20,781
Total Fiduciary Net Assets	$ 19,169	$ 1,612	$ 20,781

NOTE 20. Reconciliation of Net Cost to Net Outlays

Most entity transactions are recorded in both budgetary and proprietary accounts. However, because different accounting guidelines are used for budgetary and proprietary accounting, some transactions may appear in only one set of accounts. The reconciliation of net outlays, presented on a budgetary basis, and the net cost, presented on an accrual basis, provides an explanation of the relationship between budgetary and financial accounting information. This reconciliation serves not only to identify costs paid for in the past and those that will be paid in the future, but also to ensure integrity between budgetary and financial accounting. The analysis below illustrates this reconciliation by listing the key differences between net cost and net outlays. Net Outlays are composed of Gross Outlays less Offsetting Collections. The second section reverses out items included in Net Cost that are not part of Net Outlays. The third section adds items included in Net Outlays that are not part of Net Cost. Items that do not have a budgetary impact as of the Balance Sheet date, such as collections that have been deposited but not yet confirmed, or items that have a budgetary impact without a corresponding cost impact, such as accrued asset amounts (see Note 5), are not included in this reconciliation.

NOTE 20. Reconciliation of Net Cost to Net Outlays (continued)

For the years ended September 30, 2026 and 2025, the reconciliation of net cost to net outlays is as follows:

	2026		
(Dollars in Thousands)	**Intragovernmental**	**With the Public**	**Total**
NET COST/(INCOME) FROM OPERATIONS	$ 1,117,074	$ (1,608,806)	$ (491,732)
COMPONENTS OF NET COST THAT ARE NOT PART OF NET OUTLAYS:			
Property, Plant, and Equipment Depreciation	-	(145,516)	(145,516)
Amortization of Right-to-Use Lease Assets	-	(3,867)	(3,867)
Property, Plant, and Equipment Disposal and Revaluation	-	(62)	(62)
Increase/(Decrease) in Assets:			
Accounts Receivable	(473)	86	(387)
Cash and Other Monetary Assets	-	12,496	12,496
Advances and Prepayments	1,509	4,209	5,718
(Increase)/Decrease in Liabilities:			
Accounts Payable	1,675	(30,349)	(28,674)
Benefit Program Contributions Payable	(2,456)	-	(2,456)
Federal Employee Salary, Leave, and Benefits Payable	-	15,843	15,843
Post-Employment Benefits Payable	-	1,101	1,101
Advances from Others and Deferred Revenue	-	18,315	18,315
Other Liabilities:			
Principal Payments on Lease Liabilities	-	3,610	3,610
Contingent Liabilities	-	(3,715)	(3,715)
Other Financing Sources:			
Federal Employee Retirement Benefit Costs Paid by OPM and Imputed to the Agency	(145,608)	-	(145,608)
Other Imputed Financing	(70,392)	-	(70,392)
Total Components of Net Cost That Are Not Part of Net Outlays	(215,745)	(127,849)	(343,594)
COMPONENTS OF NET OUTLAYS THAT ARE NOT PART OF NET COST:			
Acquisition of Capital Assets	(290)	140,487	140,197
Total Components of Net Outlays That Are Not Part of Net Cost	(290)	140,487	140,197
NET OUTLAYS	$ 901,039	$ (1,596,168)	$ (695,129)

NOTE 20. Reconciliation of Net Cost to Net Outlays *(continued)*

(Dollars in Thousands)	2025 Intragovernmental	2025 With the Public	2025 Total
NET COST/(INCOME) FROM OPERATIONS	$ 1,170,989	$ (974,916)	$ 196,073
COMPONENTS OF NET COST THAT ARE NOT PART OF NET OUTLAYS:			
Property, Plant, and Equipment Depreciation	-	(172,793)	(172,793)
Amortization of Right-to-Use Lease Assets	-	(4,168)	(4,168)
Property, Plant, and Equipment Disposal and Revaluation	-	(8,639)	(8,639)
Increase/(Decrease) in Assets:			
Accounts Receivable	(281)	58	(223)
Cash and Other Monetary Assets	-	4,510	4,510
Advances and Prepayments	(817)	(2,314)	(3,131)
(Increase)/Decrease in Liabilities:			
Accounts Payable	(2,335)	21,465	19,130
Benefit Program Contributions Payable	(3,209)	-	(3,209)
Federal Employee Salary, Leave, and Benefits Payable	-	(1,330)	(1,330)
Post-Employment Benefits Payable	-	234	234
Advances from Others and Deferred Revenue	-	(99,279)	(99,279)
Other Liabilities:			
Principal Payments on Lease Liabilities	-	3,218	3,218
Contingent Liabilities	-	225	225
Other Financing Sources:			
Federal Employee Retirement Benefit Costs Paid by OPM and Imputed to the Agency	(168,691)	-	(168,691)
Other Imputed Financing	(59,044)	-	(59,044)
Total Components of Net Cost That Are Not Part of Net Outlays	(234,377)	(258,813)	(493,190)
COMPONENTS OF NET OUTLAYS THAT ARE NOT PART OF NET COST:			
Acquisition of Capital Assets	618	133,359	133,977
Total Components of Net Outlays That Are Not Part of Net Cost	618	133,359	133,977
NET OUTLAYS	$ 937,230	$ (1,100,370)	$ (163,140)

REQUIRED SUPPLEMENTARY INFORMATION *(UNAUDITED)*

Combining Statement of Budgetary Resources by Major Budget Account

The following table illustrates the USPTO's FY 2026 budgetary resources by major budget account.

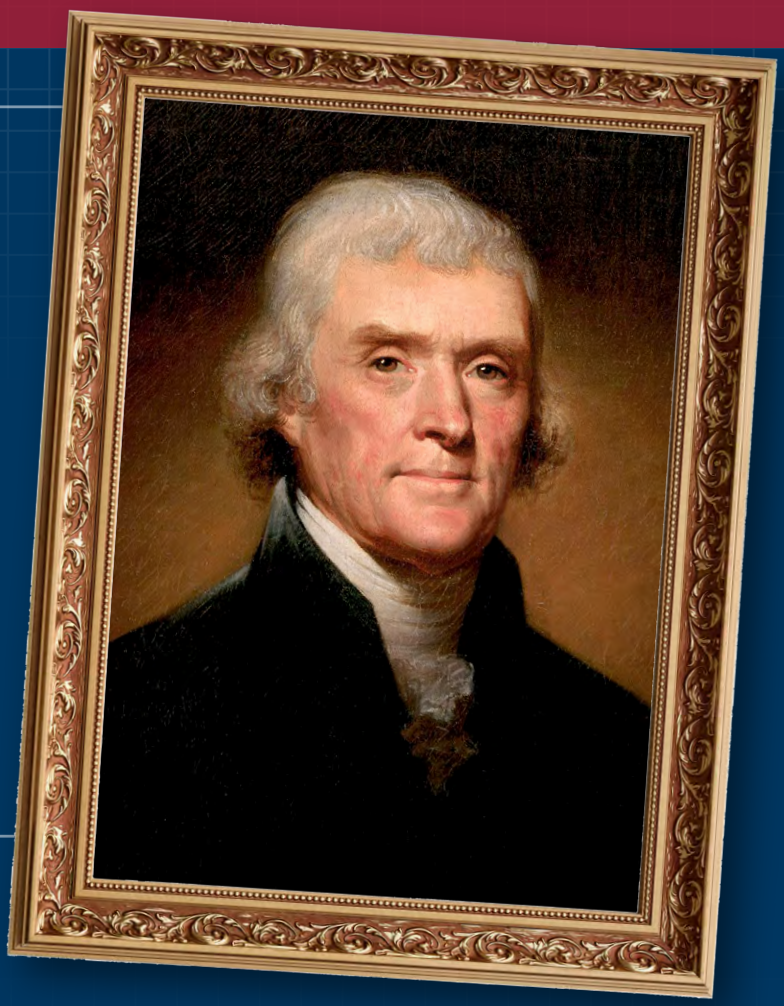
(Dollars in Thousands)	Salaries and Expenses Fund	Fee Reserve Fund	Combining Total
For the Year Ended September 30, 2026			
Unobligated Balance, Brought Forward	$ 1,046,186	$ 323,915	$ 1,370,101
Recoveries of Prior Year Obligations	52,127	-	52,127
Unobligated Balance from Prior Year Budget Authority, Net (discretionary)	1,098,313	323,915	1,422,228
Spending Authority from Offsetting Collections (discretionary)	5,248,747	(323,915)	4,924,832
Total Budgetary Resources	$ 6,347,060	$ -	$ 6,347,060
STATUS OF BUDGETARY RESOURCES			
New Obligations	$ 4,463,874	$ -	$ 4,463,874
Unobligated Balance, End of Year:			
Apportioned	1,883,186	-	1,883,186
Total Unobligated Balance, End of Year:	1,883,186	-	1,883,186
Total Status of Budgetary Resources	$ 6,347,060	$ -	$ 6,347,060
OUTLAYS, NET			
Net Collections (discretionary)	$ (695,129)	$ -	$ (695,129)

Deferred Maintenance and Repairs

Deferred maintenance and repairs (DM&R) includes maintenance and repairs that were not performed on schedule, were scheduled but not performed, or were delayed. Maintenance and repairs keep PP&E in acceptable operating condition. These activities include preventive maintenance, normal repairs, replacement of parts and structural components, and other efforts needed to preserve the asset so it delivers acceptable performance and reaches its expected life. Maintenance and repairs exclude activities aimed at expanding the capacity of an asset or otherwise upgrading it to serve needs different from, or significantly greater than, those originally intended.

The USPTO's PP&E consists of furniture and fixtures, IT equipment, office and telecommunications equipment, leasehold improvements, and software. It is agency policy to ensure that all PP&E, regardless of recorded value, is maintained, preserved, and managed in a safe and effective manner. The USPTO conducts periodic user feedback meetings to evaluate the effectiveness of training, operations, maintenance, facilities, continuity of operations, and supporting documentation of automated systems. The USPTO prioritizes maintenance and repair projects to sustain its PP&E in good operating condition, including maintaining warranties. The agency uses funds to replace equipment on a regular cycle to keep operations and maintenance costs stable and low. Accordingly, DM&R do not arise for PP&E at the USPTO, and no periodic assessment was performed.

Independent Auditor's Report



THOMAS JEFFERSON

Thomas Jefferson, the primary author of the Declaration of Independence, helped shape the USPTO's history as the leader of the nation's first patent board. He examined patents, was an early proponent of offering protection to brands, and established the Patent Office as a stand-alone agency during his presidency.



1776–2026 ★★★

USPTO

www.uspto.gov

UNITED STATES DEPARTMENT OF COMMERCE
Office of Inspector General
Office of Audit and Evaluation
Washington, DC 20230

November 13, 2026

MEMORANDUM FOR: John A. Squires
Under Secretary of Commerce for Intellectual Property
and Director of the United States Patent and Trademark Office

FROM: Arthur L. Scott Jr.
Assistant Inspector General for Audit and Evaluation

SUBJECT: *United States Patent and Trademark Office FY 2026 Financial Statements*
Report No. OIG-27-006-A

I am pleased to provide you with the attached audit reports, which present an unmodified opinion on the United States Patent and Trademark Office's (USPTO's) fiscal year 2026 financial statements. Kearney & Company P.C. (Kearney)—an independent certified public accounting firm—performed the audit in accordance with U.S. generally accepted auditing standards, standards applicable to financial audits contained in *Government Auditing Standards*, and Office of Management and Budget (OMB) Bulletin No. 24-02, *Audit Requirements for Federal Financial Statements*.

In its audit of USPTO, Kearney:

- determined that the financial statements present fairly, in all material respects, the financial position of USPTO and its net cost of operations, changes in net position, and budgetary resources as of September 30, 2026, in accordance with U.S. generally accepted accounting principles
- identified no deficiencies in internal control over financial reporting that Kearney considered to be material weaknesses
- identified no instances of noncompliance with applicable laws, regulations, contracts, and grant agreements or other matters that are required to be reported under *Government Auditing Standards* and OMB Bulletin No. 24-02

Kearney is solely responsible for the attached audit reports and the conclusions expressed in them. We do not express any opinion on USPTO's financial statements, any conclusions about the effectiveness of internal control over financial reporting, or any conclusions on compliance with applicable laws, regulations, contracts, and grant agreements.

We will post this memorandum and Kearney's audit reports on our website per the Inspector General Act of 1978, as amended (5 U.S.C. §§ 404, 420). We appreciate the cooperation and courtesies USPTO staff and management extended to Kearney and my office during this audit.

Attachments

INDEPENDENT AUDITORS' REPORT

KEARNEY & COMPANY

1701 Duke Street, Suite 500, Alexandria, VA 22314
PH: 703.931.5600, FX: 703.931.3655, www.kearneyco.com

INDEPENDENT AUDITOR'S REPORT

To the Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office and the Senior Official Performing the Duties of Inspector General for the U.S. Department of Commerce

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the United States Patent and Trademark Office (USPTO), which comprise the Balance Sheet as of September 30, 2026, and the related Statements of Net Cost and Changes in Net Position, and the combined Statement of Budgetary Resources (hereinafter referred to as the "financial statements") for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the USPTO as of September 30, 2026, and its net cost of operations, changes in net position, and budgetary resources for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 24-02, *Audit Requirements for Federal Financial Statements*. Our responsibilities under those standards are further described in the ***Auditor's Responsibilities for the Audit of the Financial Statements*** section of our report. We are required to be independent of the USPTO and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matter

Fiscal Year 2025 Financial Statements Audited by a Predecessor Auditor

The financial statements of the USPTO for fiscal year (FY) 2025, as of and for the year ended September 30, 2025, were audited by another auditor, who expressed an unmodified opinion on those statements on January 28, 2026. We were not engaged to audit, review, or apply any procedures on the FY 2025 financial statements. Accordingly, we do not express an opinion or any other form of assurance on the FY 2025 financial statements as a whole.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the USPTO's ability to continue as a going concern for a reasonable period of time beyond the financial statement date.

KEARNEY& COMPANY

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the USPTO's internal control. Accordingly, no such opinion is expressed
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the USPTO's ability to continue as a going concern for a reasonable period of time beyond the financial statement date.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, Combining Statement of Budgetary Resources by Major Budget Account, Deferred Maintenance and Repairs, and other required supplementary information be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by OMB and the Federal Accounting Standards Advisory Board (FASAB), who consider it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the Agency Financial Report. The other information comprises the Message from the Office of the Under Secretary, Introduction section, Message from the Chief Financial Officer, Summary of Financial Statement Audit and Management Assurances, Inspector General's Top Management Challenges Facing the USPTO, Payment Integrity Information Act of 2019 Reporting, and Biennial Review of User Fees, but does not include the financial statements and our auditor's report thereon. Our

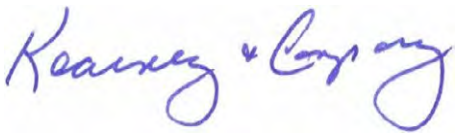
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opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards* and OMB Bulletin No. 24-02, we have also issued our reports, dated November 10, 2026, on our consideration of the USPTO's internal control over financial reporting and on our tests of the USPTO's compliance with provisions of applicable laws, regulations, contracts, and grant agreements, as well as other matters. The purpose of those reports is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the USPTO's internal control over financial reporting or on compliance and other matters. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* and OMB Bulletin No. 24-02 in considering the USPTO's internal control over financial reporting and compliance.



Alexandria, Virginia
November 10, 2026

KEARNEY & COMPANY

1701 Duke Street, Suite 500, Alexandria, VA 22314
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

To the Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office and the Senior Official Performing the Duties of Inspector General for the U.S. Department of Commerce

We have audited, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 24-02, *Audit Requirements for Federal Financial Statements*, the financial statements of the United States Patent and Trademark Office (USPTO) as of and for the year ended September 30, 2026, and the related notes to the financial statements, which collectively comprise the USPTO's financial statements, and we have issued our report thereon dated November 10, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the USPTO's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the USPTO's internal control. Accordingly, we do not express an opinion on the effectiveness of the USPTO's internal control. We limited our internal control testing to those controls necessary to achieve the objectives described in OMB Bulletin No. 24-02. We did not test all internal controls relevant to operating objectives as broadly defined by the Federal Managers' Financial Integrity Act of 1982, such as those controls relevant to ensuring efficient operations.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and the results of that testing, and not to provide an opinion on the effectiveness of the USPTO's internal control. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and OMB Bulletin No. 24-02 in considering the USPTO's internal control. Accordingly, this report is not suitable for any other purpose.



Alexandria, Virginia
November 10, 2026

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH LAWS, REGULATIONS, CONTRACTS, AND GRANT AGREEMENTS

To the Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office and the Senior Official Performing the Duties of Inspector General for the U.S. Department of Commerce

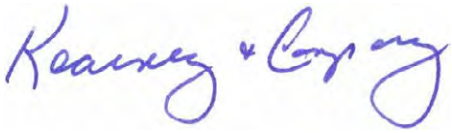
We have audited, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 24-02, *Audit Requirements for Federal Financial Statements*, the financial statements of the United States Patent and Trademark Office (USPTO) as of and for the year ended September 30, 2026, and the related notes to the financial statements, which collectively comprise the USPTO's financial statements, and we have issued our report thereon dated November 10, 2026.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the USPTO's financial statements are free from material misstatement, we performed tests of the USPTO's compliance with provisions of applicable laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and OMB Bulletin No. 24-02.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of compliance with provisions of applicable laws, regulations, contracts, and grant agreements and the results of that testing, and not to provide an opinion on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and OMB Bulletin No. 24-02 in considering the USPTO's compliance. Accordingly, this report is not suitable for any other purpose.



Alexandria, Virginia
November 10, 2026

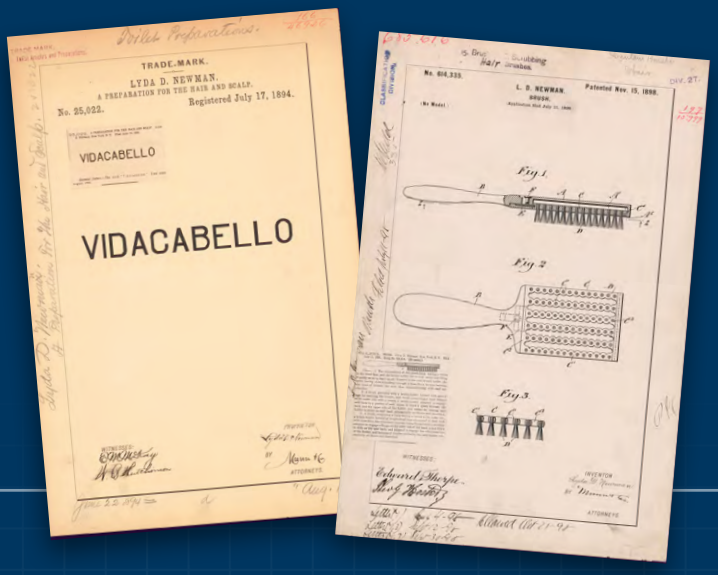
Other Information



Nellie Bly

SUFFRAGIST INVENTORS

Eunice Foote, Lyda Newman, **Nellie Bly**, and Blanche Ames all held patents for new and novel technologies in their fields of work and study. They also used their talent to fight for women's right to vote. Stories of inventors who advocated for voting rights show the interconnected nature of civic participation and innovation.



1776–2026

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This section is unaudited.

Summary of Financial Statement Audit and Management Assurances

TABLE 8: SUMMARY OF FINANCIAL STATEMENT AUDIT

Financial Statement Audit					
Audit Opinion	Unmodified				
Restatement	No				
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Ending Balance
Total Material Weaknesses	0	0	0	0	0

TABLE 9: SUMMARY OF MANAGEMENT ASSURANCES

Effectiveness of Internal Control Over Financial Reporting (FMFIA §2)						
Statement of Assurance	Unmodified Assurance					
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
Total Material Weaknesses	0	0	0	0	0	0
Effectiveness of Internal Control Over Operations (FMFIA §2)						
Statement of Assurance	Unmodified Assurance					
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
Total Material Weaknesses	0	0	0	0	0	0
Conformance with Financial Management System Requirements (FMFIA §4)						
Statement of Assurance	Systems conform to financial management system requirements					
Non-Conformances	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
Total Non-Conformances	0	0	0	0	0	0

Compliance with Section 803(a) of the FFMIA		
	Agency	Auditor
1. Federal Financial Management System Requirements	No lack of compliance noted	No lack of compliance noted
2. Applicable Federal Accounting Standards	No lack of compliance noted	No lack of compliance noted
3. U.S. Standard General Ledger at Transaction Level	No lack of compliance noted	No lack of compliance noted

Inspector General's Top Management Challenges Facing the USPTO

The USPTO is responsible for addressing management challenges related to delivering high quality, reliable services, as described in the OIG's October 1, 2026 report, Top Management and Performance Challenges Facing the Department of Commerce in Fiscal Year 2027. The agency continues to address DOC-wide management challenges in the areas of cybersecurity as SI-related risks increase, along with integrity and trustworthiness. The USPTO is proactively mitigating risks associated with maintaining the integrity and timeliness of patent and trademark services to preserve trust and confidence in the IP system, strengthening cybersecurity and information protection, and continuing to modernize systems and implement SI in a safe, effective, and responsible manner. For additional information on the OIG report and further discussion of these management challenges, refer to the DOC's AFR.

UNITED STATES DEPARTMENT OF COMMERCE
Office of Inspector General
Washington, DC 20230

October 1, 2026

MEMORANDUM FOR: Secretary of Commerce Howard Lutnick



FROM: Duane E. Townsend
Performing the Duties of Inspector General

SUBJECT: *Top Management and Performance Challenges Facing the Department of Commerce in Fiscal Year 2027*
Report No. OIG-27-001

Attached is our final report on the Department's top management and performance challenges for fiscal year (FY) 2027.

We are required by statute to annually report the most serious management and performance challenges facing the Department and identify progress made to address them.[1] This report will be included in the Department's *Agency Financial Report* for FY 2026 and posted on our website.

We appreciate the cooperation we have received from the Department during our work on this report. If you have questions or wish to discuss our conclusions, please contact me at 202-794-7788.

Attachment

cc: Paul M. Dabbar, Deputy Secretary of Commerce
Yevette DePinto, Chief of Staff
Brian Epley, Chief Information Officer
Jennifer Hesch, Acting Deputy Assistant Secretary for Administration, performing the non-exclusive functions and duties of the Chief Financial Officer and Assistant Secretary for Administration
Operating Unit Heads
Operating Unit Audit Liaisons

[1] 31 U.S.C. § 3516(d).



About This Report

The Department of Commerce plays a central role in implementing efforts to advance the nation's economic and technological leadership. As the Department's Office of Inspector General, our mission is to improve the Department's programs and operations through independent and objective audits, investigations, and evaluations. We follow established governmental standards to accomplish our work and report our results to departmental leadership and Congress.

We are required by statute to annually report the most serious management and performance challenges facing the Department and to identify progress made to address them.[1] On the following pages, we summarize the Department's most serious challenges for fiscal year (FY) 2027. We base our assessments on our work as well as trusted scientific and governmental resources.

The summaries are grouped into the following three challenge areas:

Safeguarding National Security and American Business Interests

Protecting national security while promoting American business dominance in advanced technology.

Providing Effective Stewardship of Taxpayer Dollars

Funding and managing programs and operations while protecting taxpayer dollars from fraud, waste, and abuse.

Delivering High-Quality, Reliable Services

Providing essential data and services related to population counts, public safety, weather, and more.

If the Department does not address these challenges, it will struggle to successfully implement its priorities and meet its mission of creating conditions for economic growth and opportunities for all communities.

Our recent work related to these challenges is listed in the appendix. Visit our website for more information and to view our other reports. To report fraud, waste, and abuse in the Department's bureaus and programs, contact our hotline.

Payment Integrity Information Act of 2019 reporting

The Payment Integrity Information Act (PIIA) of 2019 requires agencies to review all programs and activities periodically, identify and take multiple actions on programs and activities that may be susceptible to significant improper payments, and annually report information on their improper payment monitoring and minimization efforts. OMB Circular A-123, Appendix C, Requirements for Payment Integrity Improvement, provides guidance to agencies on complying with the PIIA and making efforts to monitor and minimize improper payments. The USPTO has not identified any programs or activities susceptible to significant improper payments or any significant problems with improper payments.

The USPTO recognizes the importance of maintaining adequate internal control to ensure the accuracy and integrity of the agency's payments, and it maintains a strong commitment to continuously improving its overall disbursement management process. The USPTO will continue its efforts to ensure the integrity of its disbursements.

Risk assessment

The USPTO annually reviews its programs and activities to assist in identifying, reporting on, and preventing erroneous or improper payments. The USPTO completed this review in FY 2026.

The USPTO annually assesses the effectiveness of its internal control over financial reporting in compliance with OMB Circular A-123, Management's Responsibility for Internal Control. For FY 2026 and beyond, the USPTO will include a review of its internal controls over disbursement processes in its annual assessment.

Every three years, the USPTO completes an improper payment risk assessment covering its programs and activities, as required by OMB Circular A-123, Appendix C. This assessment also includes analyses of the control and procurement environments.

The USPTO's assessments revealed no programs that were susceptible to risk and demonstrated that, overall, the USPTO has strong internal controls over disbursement processes, the number of improper payments by the USPTO is immaterial, and the risk of improper payments is low.

Statistical sampling

As none of the USPTO's programs or activities are susceptible to significant improper payments, the USPTO has not conducted a statistical sample to estimate the improper payment rate for USPTO programs and activities.

Improper payments reporting, root causes, and corrective actions

During FY 2026, improper payments for all USPTO programs and activities amounted to $0.6 million, or 0.01% of total outlays. As none of the USPTO's programs or activities are susceptible to significant improper payments, the USPTO does not present an improper payment reduction outlook, root cause analysis, or corrective actions for the agency's programs and activities.

Accountability

The USPTO has not identified any significant problems with improper payments. During FY 2026, improper payments for all USPTO programs and activities did not exceed the statutory thresholds for increased reporting. The USPTO recognizes the importance of maintaining adequate internal controls to ensure proper payments, and the agency remains strongly committed to continuously improving its disbursement management processes. The agency's CFO is responsible for establishing policies and procedures for assessing USPTO and program risks of improper payments, taking actions to reduce improper payments, and reporting the results of reduction actions to management for oversight and further steps, as deemed appropriate.

Recaptures of improper payments

a. *Payment recapture audits*

The USPTO does not currently conduct recapture audits, as prior recapture audit activities did not yield meaningful results. As the USPTO determined that recapture audits are not cost effective, the agency does not present payment recapture rates, disposition of recaptured funds, or aging of outstanding overpayments for its programs and activities.

b. *Overpayments recaptured outside of payment recapture audits*

Table 10 summarizes overpayments the USPTO identified in FY 2026. These payments include payment recaptures of improper payments reported over the past two fiscal years.

The USPTO continues to enhance its processes by identifying and implementing additional procedures to prevent and detect improper payments. In FY 2026, the USPTO continued its reporting procedures to senior management and to the DOC on improper payments and payment recapture data. As part of this reporting procedure, the USPTO identified the nature and magnitude of any improper payments, along with any necessary control enhancements to prevent further occurrences of the types of improper payments identified. The USPTO's analysis of reported data reflects that improper payments were below 0.01% in FY 2026. The USPTO also reviewed all financial statement audit comments and the results of other payment reviews for indications of disbursement control breaches. None of the audit comments or reviews uncovered any significant problems with improper payments or the internal controls the USPTO applied to disbursements.

The USPTO has improper payment monitoring and minimization efforts in place, including the identification of improper payments through post-payment and contract closeout reviews. The agency seeks to identify overpayments and erroneous payments by reviewing credit memos and refund checks issued by vendors or customers and undelivered electronic payments returned by financial institutions. The USPTO also inquires with agency business units monthly whether they, through the contract oversight process, identified any improper payments. In addition, the agency has improved processes to minimize erroneous payments resulting from vendor payment assignments, which are historically the source of larger improper payments. The USPTO now keeps a master file for all assignments, which is available to all payment technicians and approvers. The USPTO also periodically reminds technicians and approvers to monitor assignments.

c. *Agency reduction of improper payments with the Do Not Pay Initiative*

The USPTO collaborates with all related stakeholders and takes necessary actions to ensure

TABLE 10: OVERPAYMENTS RECAPTURED OUTSIDE OF PAYMENT RECAPTURE AUDITS

(dollars in millions)

Source of Overpayments	FY 2025		FY 2026	
	Amounts Identified for Payment Recapture	Amounts Recaptured	Amounts Identified for Payment Recapture	Amounts Recaptured
Post-payment Reviews	$ 0.22	$ 0.17	$ 0.24	$ 0.10
Audits and Other Reviews	0.13	-	0.04	-
Reported by Vendors	0.23	0.23	0.34	0.34
Total	$ 0.58	$ 0.40	$ 0.62	$ 0.44

all payments are valid and accurate before disbursement. The agency employs a periodic vendor record eligibility validation process using Do Not Pay Initiative databases to prevent improper payments. In addition, the USPTO incorporated the following PIIA-listed Do Not Pay Initiative databases into existing business processes and programs:

- Social Security Administration's Death Master File
- GSA's Excluded Parties List System/System for Award Management
- OMB Circular A-123, Appendix C, Requirements for Payment Integrity Improvement

The USPTO conducts monthly post-payment screenings using a batch process. The agency screens an applicable subset of payments to identify improper payments and takes appropriate recovery, corrective, and preventive actions. The USPTO continuously monitors an applicable subset of active vendor records to ensure vendors are not subject to payment and procurement restrictions. The USPTO uses these monitoring results to better maintain vendor records and reduce or prevent improper payments and awards.

During FY 2026, validation processes using the Do Not Pay Initiative databases did not result in the identification or reduction of any improper payments or awards. Table 11 summarizes the Do Not Pay reviews conducted by the USPTO during FY 2026. These reviews included the number and dollar amount of potential improper payments identified, payments stopped, and potential improper payments subsequently determined to be accurate.

Per Executive Order 14249, Protecting America's Bank Account Against Fraud, Waste, and Abuse, Treasury established a structured series of development activities to ensure all disbursements made by the federal government are legal, proper, accurate, and compliant with established financial standards, including:

- Death screening—establishing processes to identify and prevent payments to deceased individuals by cross-referencing payee information with death records to the greatest extent permitted by law.
- Taxpayer identification number (TIN) verification—implementing systems to validate that payees have proper identification numbers such as social security numbers, employer identification numbers, or individual TINs, ensuring legitimacy of the payee.
- Account accuracy—verifying the appropriate Treasury Account Symbol and Business Event Type Code to improve accounting traceability.

TABLE 11: RESULTS OF THE DO NOT PAY INITIATIVE IN PREVENTING IMPROPER PAYMENTS

(dollars in millions)

	Number of Payments Reviewed for Possible Improper Payments	Dollars of Payments Reviewed for Possible Improper Payments	Number of Payments Stopped	Dollars of Payments Stopped	Number of Potential Improper Payments Reviewed and Determined Accurate	Dollars of Potential Improper Payments Reviewed and Determined Accurate
Reviews with the PIIA-specified databases	15,190	$ 924.8	0	$ 0	0	$ 0
Reviews with other databases not listed in the PIIA	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable

These capabilities encompass the implementation and enhancement of processes and systems to verify payment information prior to disbursement, reducing fraud, waste, and improper payments. The USPTO actively participated in the program's soft launch and implemented the necessary steps to prepare for active mode beginning October 1, 2026.

The USPTO received a TIN validation extension through December 31, 2026, to allow time to update systems and processes to ensure all payments include a TIN and TIN Type. The agency also received an exemption to allow the use of 999-99-9999 for foreign payments and applicant deposit account refunds.

Fraud reduction report

The PIIA requires federal agencies to improve their financial and administrative controls and procedures to assess and mitigate fraud risks. The PIIA also requires federal agencies to improve their development and use of data analytics to identify, prevent, and respond to fraud, including improper payments.

The USPTO considers the risk of fraudulent financial reporting and misappropriation of assets using internal controls and subsequent reviews. The agency consistently monitors its internal controls, including approvals, authorizations, verifications, reconciliations, performance reviews, security activities, and the production of records and documentation. Restricting account access to financial management systems and account access rights helps reduce opportunities for fraudulent financial activities. In addition, segregating duties ensures roles are separated appropriately to decrease the likelihood of waste, abuse, fraudulent financial reporting, and misappropriation of assets.

Control activities occur at all levels of the USPTO, and the agency reviews control activities annually to assess the risk of errors or irregularities due to fraud. The reviews the USPTO performs for OMB Circular A-123, Appendix A requirements test internal controls over financial reporting, which relate to the reliability of the financial statements. At the beginning of the review, the USPTO performs a risk assessment and uses a risk-based approach to test financial controls. Throughout the year, the agency conducts variance analyses to identify trends and possible discrepancies that could indicate fraud or waste to investigate and correct identified controls before potential errors are included in the financial statements.

Within the federal government, payroll, contractor payments, and purchase and travel cards have an increased risk of and vulnerability to fraud. The OIG receives and reviews whistleblower and fraud, waste, and abuse complaints.

The USPTO implements controls to prevent the risk of time and attendance abuse and other types of misconduct and regularly takes appropriate steps to avoid and address any such misconduct. The agency has a policy on time and attendance tools, communication, and collaboration that provide employees with clear guidance on time and attendance policies and automated tools that provide transparency to both managers and employees. All USPTO employees receive training on time and attendance requirements, as well as work schedules and leave policies, and will continue to receive similar training on an ongoing basis. In prior years, the agency invested significant time and effort into improving its already extensive workforce measures aimed at preventing time and attendance abuse and continuing its focus on accountability.

In accordance with Executive Order 14402, all non-fixed-price requirements valued at $10 million or above must be approved by the USPTO Director prior to the solicitation release. For other procurements, the USPTO has the authority to use any contract type it deems in the best interest of meeting the agency's mission. Although the USPTO is not statutorily required to provide a written justification when using high-risk contract types, as a matter of good business practice, the agency requires contracting officers to provide a rationale in the acquisition file documentation upon their selection. As part of

the rationale, contracting officers must provide the reason it is in the USPTO's best interest to use the high-risk contract type, planned risk mitigations, and steps to avoid further use in the future. The risk mitigation plan includes various mechanisms for frequent contract surveillance. High-risk contract types include noncompetitive contracts, single-offer contracts, cost-reimbursement contracts, time-and-material contracts, labor-hour contracts, incentive contracts, and indefinite-delivery contracts.

The USPTO continuously monitors and updates internal control measures and processes to manage its purchase card and travel card programs. This monitoring includes certifying that the appropriate policies and controls are in place and that the agency has taken corrective actions to mitigate the risk of fraud and inappropriate charge-card practices. In addition, the USPTO has monthly procedures in place for monitoring, reporting on, and managing travel card delinquencies and potential card misuse.

As financial stewards of customer fees, the USPTO continues to address fraud risk. The agency continues to implement analytics recommendations from the FY 2023 fraud risk assessment that evaluated programmatic, insider threat, and supply chain risk management efforts within the OCFO. The OCFO developed a series of data analytics tools to further increase the USPTO's ability to identify, monitor, and investigate potential fraud and otherwise anomalous activity, including the improvement or creation of additional fraud prevention controls. These tools leverage payment data to identify outliers, generate visual mappings, and provide drilldowns of the necessary data points to facilitate robust investigation. Results of investigations will be used in an iterative process to further refine the tools and improve the internal control environment as it relates to payment and fraud risk.

The USPTO continues multiyear efforts to reduce external fraud, waste, and abuse in patent and trademark processes, protect customers from impersonators, and strengthen risk controls and data tools to improve detection of external threats. For additional information, see the significant risks and opportunities section (page 57).

Biennial review of user fees

The CFO Act of 1990 requires a biennial review of agency fees, rents, and other charges imposed for services and things of value (e.g., rights or privileges) it provides to specific beneficiaries as opposed to the general American public. The review's objectives are to identify such activities and begin charging fees, where permitted by law, and to periodically adjust existing fees to reflect current costs or market value. This process should minimize the general taxpayers' subsidization of specialized services or things of value that are provided directly to identifiable non-federal beneficiaries.

The USPTO is a fully fee-funded agency; the services it provides are not subsidized by general taxpayer revenue. The USPTO uses activity-based cost accounting to calculate the costs of activities it performs for each fee and leverages this information to evaluate and inform the setting of fees. When appropriate, the agency adjusts fees to be consistent with legislative requirements to recover the full costs of the goods and services it provides the public. Consistent with the provisions of the CFO Act, the USPTO assesses fees on at least a biennial basis.

The agency initiated a review of user fees in FY 2025 shortly after separate rulemakings to adjust fees took effect on January 18, 2025, for trademark fees and January 19, 2025, for patent fees. Based on significant research, evaluation, and analysis of patent and trademark operations, policies, etc., this review concluded that the aggregate revenues derived from the current patent and trademark fee schedules are forecasted to recover aggregate costs for the Patent Program and Trademark Program, respectively.

In keeping with the biennial review schedule, the USPTO will begin another comprehensive review of patent and trademark fees in FY 2027.

Appendix

TO THE MOON AND BACK AGAIN

Physicist Robert Goddard held 214 patents in the field of rocketry. His work creating multi-stage rockets and rocket fuel not only helped America's war efforts in both World War I and World War II, but was fundamental to the launch of the Space Age.

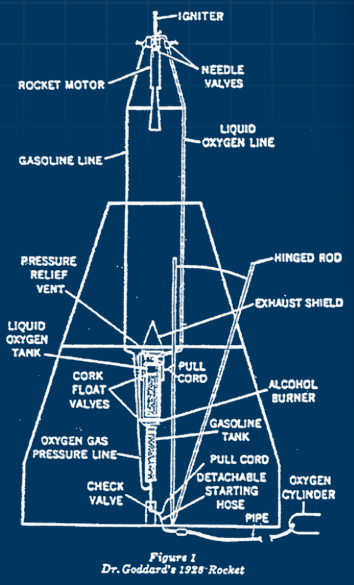
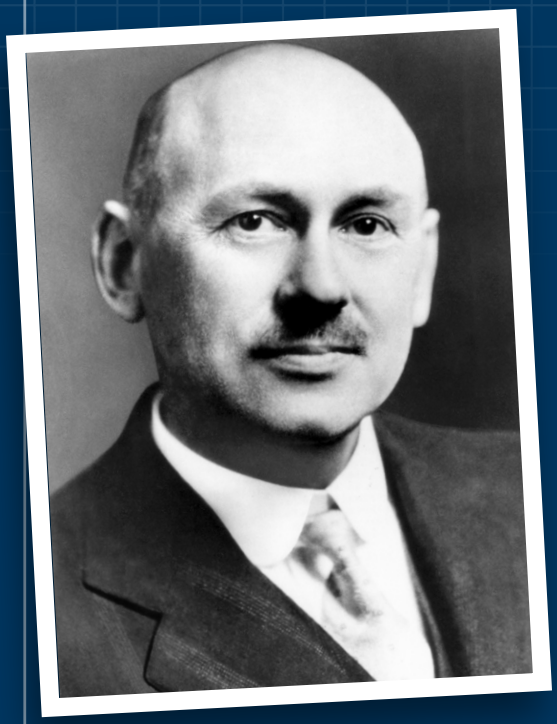


Figure 1
Dr. Goddard's 1926 Rocket

Forty years after Goddard's successful first rocket launch came the Apollo missions, and America's race to the moon was fueled by patented technologies. Maxime Faget's 1963 space capsule was used and adapted for the Apollo missions, and the missile launch release system patented by Timothy Eddins in 1965 allowed for the launch of very heavy vehicles such as the Saturn V rockets that sent astronauts to the moon.



R. H. Goddard

1776–2026 ★★★

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This section is unaudited.

GLOSSARY OF ACRONYMS

ACT	Agentic Codification Tool
AFR	Agency Financial Report
AGA	Association of Government Accountants
AI	artificial intelligence
AIA	America Invents Act
AIPA	American Inventors Protection Act
AOF	Alternate Operating Facility
APEX	Application Express
APG	Accelerated Patent Grant
ASAP	Artificial Intelligence Search Automated Pilot
BFS	Bureau of the Fiscal Service
BPO	Bureau Procurement Official
CDM	Continuous Diagnostics and Mitigation
CEAR®	Certificate of Excellence in Accountability Reporting
CFO	Chief Financial Officer
CISA	Cybersecurity and Infrastructure Security Agency
CISO	Chief Information Security Officer
COOP	contractor continuity of operations
COTS	commercial-off-the-shelf
CPR	cardiopulmonary resuscitation
CSRS	Civil Service Retirement System
CUI	Controlled Unclassified Information
CX	customer experience
DATA	Digital Accountability and Transparency Act
DM&R	deferred maintenance and repairs
DOC	Department of Commerce
DOL	Department of Labor
ECDM	Enterprise Continuous Diagnostic and Monitoring
ERM	Enterprise Risk Management
ETO	Emerging Technologies Office
FASAB	Federal Accounting Standards Advisory Board
FECA	Federal Employees' Compensation Act
FEGLI	Federal Employees Group Life Insurance Program
FEHB	Federal Employees Health Benefit Program
FERS	Federal Employees Retirement System
FFMIA	Federal Financial Management Improvement Act
FICA	Federal Insurance Contributions Act
FIFA	Fédération Internationale de Football Association
FISMA	Federal Information Security Management Act
FMFIA	Federal Managers' Financial Integrity Act
FPDS	Federal Procurement Data System
FY	fiscal year

GAAP	generally accepted accounting principles
GAO	Government Accountability Office
GIPA	Global Intellectual Property Academy
GS	General Schedule
GSA	General Services Administration
HBCU	Historically Black Colleges and Universities
HISP	high-impact service provider
IP	intellectual property
IPR	inter partes review
IT	information technology
ITAB	IT Advisory Board
LED	light-emitting diode
LLM	large language model
LOOP	Learning from Outcomes to Optimize Patents
MFA	multi-factor authentication
ML	machine learning
NFL	National Football League
NIHF	National Inventors Hall of Fame
NIL	name, image, and likeness
OBRA	Omnibus Budget Reconciliation Act
OCFO	Office of the Chief Financial Officer
OCIO	Office of the Chief Information Officer
ODP	Open Data Portal
OECD	Organization for Economic Co-operation and Development
OF	Office of Finance
OFMS	Office of Financial Management Systems
OIG	Office of Inspector General
OMB	Office of Management and Budget
OP	Office of Procurement
OPB	Office of Planning and Budget
OPIA	Office of Policy and International Affairs
OPM	Office of Personnel Management
OUS	Office of the Under Secretary
PAC	Public Advisory Committee
PFMU	Patent Fraud Mitigation Unit
PGR	post-grant review
PIIA	Payment Integrity Information Act
PIMI	Patent Inventory Management Index
POAM	plan of action and milestones
PP&E	property, plant, and equipment
PPAC	Patent Public Advisory Committee
PPH	Patent Prosecution Highway
PTAB	Patent Trial and Appeal Board
PTFRF	Patent and Trademark Fee Reserve Fund
PTRC	Patent and Trademark Resource Center
QAAD	Quality Assurance and Accountability Division



Group photo of the OCFO staff on the front steps of the Madison building at the USPTO. (Photo by Jay Premack/USPTO)

RCWG	Risk Champions Working Group
RMC	Risk Management Council
RPI	real party in interest
RPO	Register Protection Office
SBR	Statement of Budgetary Resources
SCP	Supervisory Certification Program
SES	Senior Executive Service
SI	super intelligence
SOU	Statement of Use
SPARK	Standards Participation and Representation Kudos
TIMI	Trademark Inventory Management Index
TIN	Taxpayer Identification Number
TM	trademark
TPAC	Trademark Public Advisory Committee
TTAB	Trademark Trial and Appeal Board
UAIA	Unleashing American Innovators Act
URL	uniform resource locator
USAP	USA Performance
USPTO	United States Patent and Trademark Office
USTR	United States Trade Representative
WIPO	World Intellectual Property Organization

URL INDEX

URLs that appear more than once in the AFR are listed under the section in which they first appear.

Introduction

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Other Information

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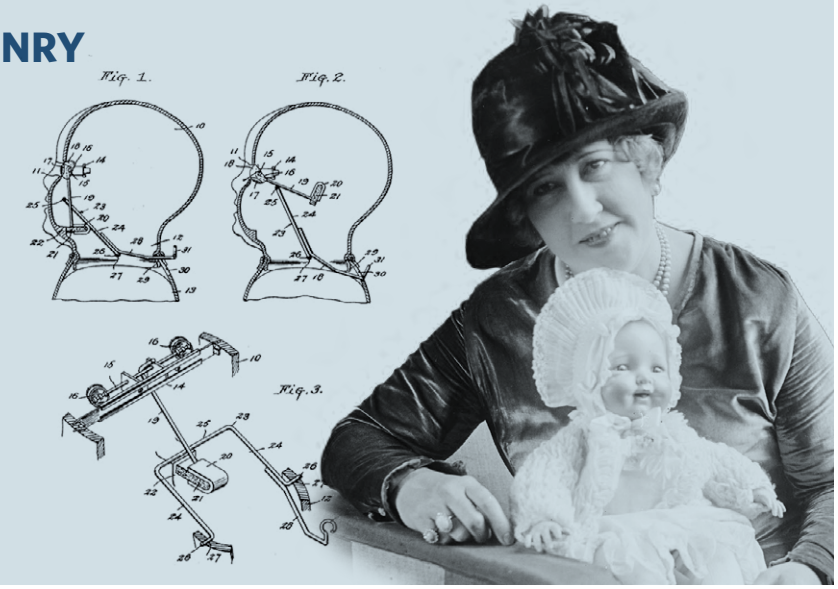
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BEULAH LOUISE HENRY

U.S. PATENT NO. 2,022,286

With 49 patents to her name, Beulah Louise Henry was one of the most prolific independent inventors of the mid-20th century. Interactive and easily cleaned children's toys, user-friendly and increasingly efficient office equipment, and practical, easily modified fashion accessories were all among Henry's pioneering innovations.



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This AFR was produced with the energy and talents of the USPTO staff. We offer our sincerest appreciation and acknowledgment to Under Secretary John A. Squires, Acting Deputy Under Secretary Anne Mendez, and the entire USPTO executive team. We also recognize and thank the following organizations and individuals for their outstanding contributions:

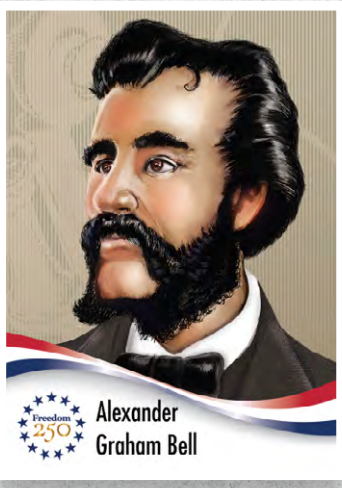
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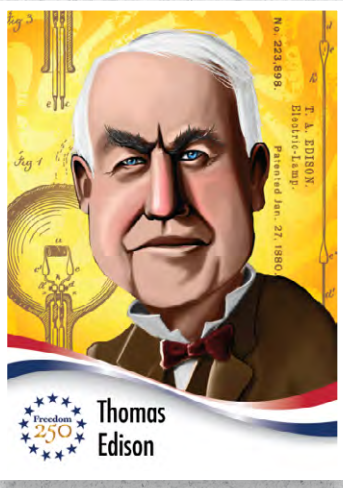
We offer special thanks to FWI and AOC Solutions for their contributions to the design and production of this report.

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The USPTO Inventor Collectible Trading Card Series recognizes patent holders throughout American history to encourage and inspire future generations of inventors and innovators. Collect them all!

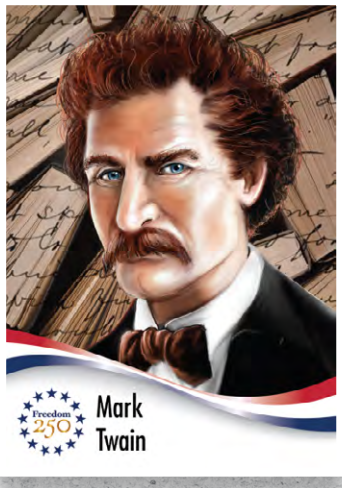


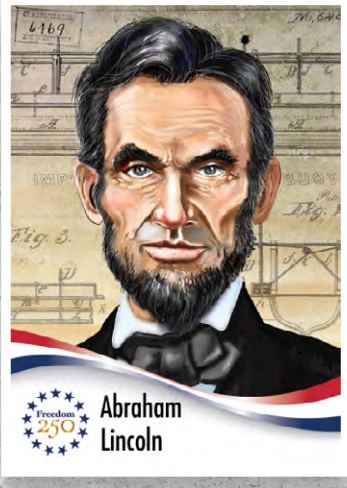




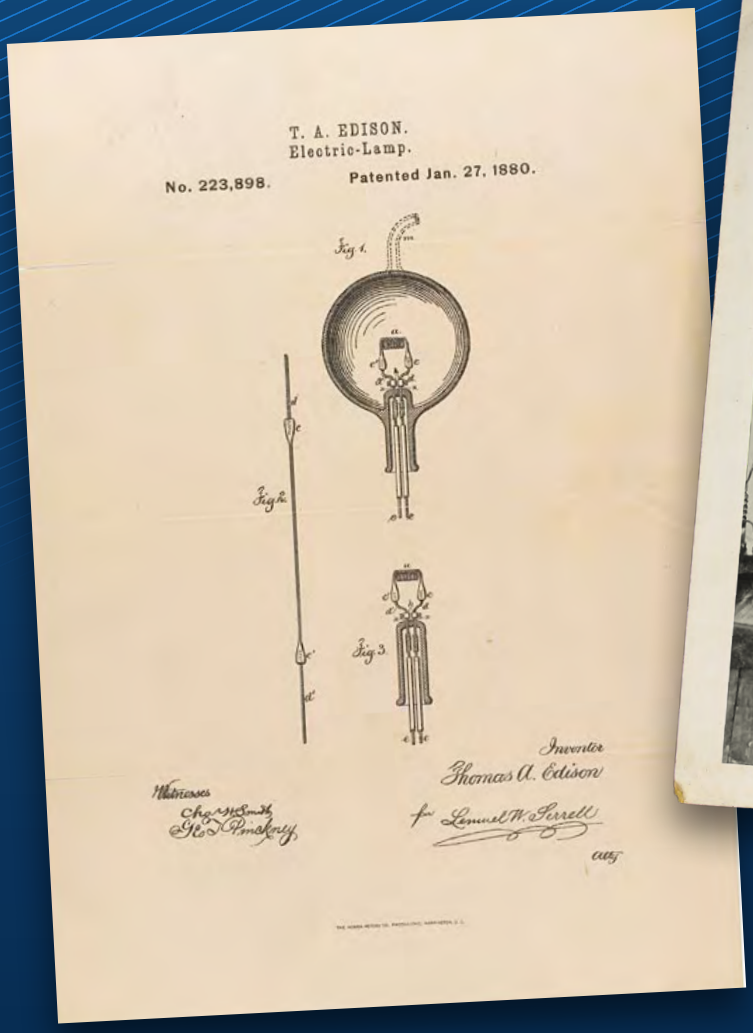











T. A. EDISON.
Electric-Lamp.

No. 223,898. Patented Jan. 27, 1880.

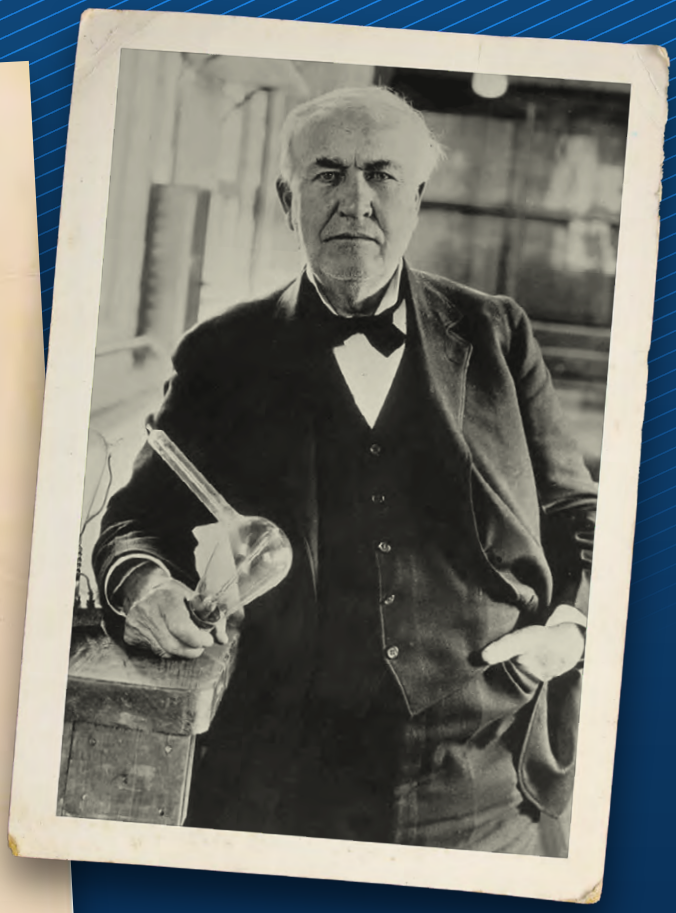
Fig 1.

Fig 2.

Fig 3.

Witnesses
Chas. H. Smith
Geo. H. Pinckney

Inventor
Thomas A. Edison
for Lemuel W. Serrell
atty



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